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POLITICAL SCIENCE QUARTERLY

THE PRESS AND PUBLIC OPINION[1]

THE relationship between the press and public opinion might perhaps be more appropriately dealt with by the editor of a living newspaper, by some one at least who did not find himself on the retired list. Yet it occurs to me that a newspaperman who no longer has to put his theories into daily practice can, like any non-combatant, theorize with great freedom.

I venture, then, to say that the journalistic interpretation of current affairs is becoming an increasingly difficult task. For the affairs which a newspaper has to interpret have in the last two decades become increasingly complex. The working journalist today is confronted, it seems to me, with a double and cumulative complexity. On the one hand, the facts themselves have multiplied enormously. On the other hand the accepted standards of judgment have dissolved, so that he finds himself, in the words of Mr. Justice Holmes, on an ocean of fact "plunged in a thick fog of details" and "with few of the charts and lights" for which he longs.

It is useful for us to remind ourselves of how complicated the material of journalism has become within the last two decades. The United States has become a world power. But its rise to this position has been peculiar, chiefly because it has

[1] From an address delivered on the occasion of a dinner held in Mr. Lippmann's honor by the Academy of Political Science on March 25, 1931, at the Hotel Astor in New York City. In his introductory remarks, not reproduced here, Mr. Lippmann commented on the discontinuance of *The World* and paid tribute to his former colleagues on the staff of that newspaper.—ED.

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been so sudden. We are one of the few people called to play a leading rôle in the affairs of mankind who had achieved a commanding influence in the world long before they had the will or the preparation to exercise it. We are, in a sense, a world power in spite of ourselves. As a result there does not exist today in the official mind at Washington, or in Congress, or in either political party, or among the voters themselves any clear conception of our interests or our obligations.

No doubt we shall in the course of time arrive at some kind of understanding among ourselves as to how we shall employ the gigantic political, financial and economic power which we have so suddenly realized that we possess. But until that time comes the journalistic interpretation of world politics from an American point of view must remain a process of continual groping experiment. The honest interpreter must acknowledge daily to himself that he cannot penetrate very far into the thick fog of details by the aid of a few such simple ideas as the Monroe Doctrine, or the Open Door, or No Entangling Alliances, or the Renunciation of War, or America First. It is not that these ideas are intrinsically wrong. It is that they are totally inadequate. They are containers which will not hold the facts.

There was a time, say up to thirty-five years ago, when one could have said, for example, that all major questions of our policy to the south of us in this hemisphere would be subsumed under the Monroe Doctrine. It cannot be said today. In place of a featureless object called Latin America we are in intricate relationships with twenty-odd vigorous and varied nationalities living under widely dissimilar conditions and in many different stages of their historic development. The interpretation of events that concern the United States in this one sector of our foreign relations cannot be made by any simple rule of thumb. Of necessity the interpretation must be an exploration, tentative, sympathetic and without dogmatic preconception. And whoever attempts it, whether as a working newspaperman, as a scholar, or as a statesman, must find that he is sailing an uncharted ocean.

In our domestic affairs the difficulties of clear interpretation

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are no less great. In an incredibly short time, that is to say within the life of every one in this room, a mechanical and industrial revolution has altered the whole pattern of American life. It has uprooted millions from the land and thrust them into a strange, incomprehensible and rapidly changing environment. So vast, so deep, so pervasive are the effects of this upon the premises of our conduct, upon the internal economy of our own spirits, that we find ourselves not only without common publicly acknowledged standards of action but oftener than not without clear personal convictions as well.

Thus the fighting faiths of the reformer of twenty years ago no longer arouse the generation to which we belong. This is not due, as is sometimes said these days, to the apathy of this generation. The apathy, if it is apathy, this apparent incapacity to be moved to great crusades for righteousness, is due to bewilderment. It is due not to the inadequacy of the generation but to the inadequacy of the fighting faiths. Who but a political hack can believe today, as our forefathers once sincerely believed, that the fate of the nation hangs upon the victory of either political party? Who that is aware of the world he lives in can believe that the country will be saved by the Republicans and ruined by the Democrats, or saved by the Democrats and ruined by the Republicans?

Who can believe, as many of us in this room believed twenty years ago, that the cure for the corruption of popular government was to multiply the number of elections? Who can believe that an orderly, secure and just economic order can be attained by the simple process of arousing the people against the corporations? I do not wish to be understood as implying that the great battles waged by the last generation against corporate privilege and corruption were useless. On the contrary, they were of inestimable value in correcting specific abuses, but above all in awakening the people to a realization that the old American scheme of things was not perpetual.

I do mean, however, to say that our situation is quantitatively and qualitatively different from that which the progressives of twenty years ago confronted. The essential difference, as I see it, is that for them corporate business was a new-

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comer in a country in which the normal mode of life was that of the independent farmer and business man. Today corporate organization has become central and dominant in our national life. The progressives of the last generation were attempting to police what seemed to them an alien intruder upon their normal existence. For us the problem is to civilize and rationalize these corporate organizations in which we are now almost all of us inextricably involved.

Because of the radical change which has taken place in the organization of American life the objectives which progressives set themselves twenty years ago must today seem inadequate. They looked out upon a world in which certain important services like railroad transportation, communications, the supplying of gas and electricity, and the production of a few basic industrial commodities like steel and oil were controlled by large corporations. These they called the Trusts or the Interests. Everything else, all the farmers, the independent manufacturers, the shopkeepers, employees and professional men and their interests were the People. The problem, as they saw it, was to enact laws and to establish enforcement machinery to compel the Trusts to lower their charges, to perform their services justly, to keep their profits down, to treat labor fairly. Political contests turned largely on whether office-holders would go on with their effort to police the corporations, or whether they would seek to protect the corporations from progressive legislation. These were the objectives of the generation before ours, of Bryan and the elder LaFollette, of Roosevelt in the days of the New Nationalism and of Wilson in the days of the New Freedom.

They are no longer central or sufficient objectives today. For with the enormous elaboration of corporate enterprise, the corporation has ceased to be an alien power which the voters have to regulate from the outside. It has become the form through which increasingly everyone carries on his activities. The simple opposition between the people and big business has disappeared because the people themselves have become so deeply involved in big business. This does not mean that the economic problem is solved. It means rather that the problem

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has become subtler and greater. It is no longer enough to keep down prices, to prevent discrimination, to establish minimum standards in working conditions. Much more is demanded of the economic system today. It must somehow be made stable and yet it must expand so that the standards of life may rise; it must invite the shocks which inventions and technical improvement produce, yet it must also learn to insure security and continuity. It must keep open the door of opportunity and yet it must find out how to discourage and suppress piracy. It must continue to evoke individual initiative, yet it must find ways to harness initiative to some rational plan of growth.

I know of no single formula and of no comprehensive program by which such objectives as these can be obtained in a social system which is as complex as our own. It may be possible for the Russians, who have started from zero, to build up a satisfactory social system by centralized initiative. We have no right to prejudice them, and we ought to have the magnanimity to wish them well. But what they may be able to do in a nation which has no capitalistic inheritance certainly provides no analogy for the United States, where the most highly developed capitalism the world has ever seen is a going concern. For we have an industrial system which is already so intricate and so delicate that nobody fully understands it, and so vitally connected with our ways of living that we cannot interrupt its working, even for a brief spell, without causing widespread misery. So, while the Russians may be building a very modern house on very modern foundations, they are building their house on a vacant lot; we have to reconstruct our old house while we continue to live in it.

It is not merely the material structure of a highly developed capitalism that we inherit. We inherit also the habits of mind which have been developed in northwestern Europe and in America as the causes and also as the consequences of the rise and growth of capitalism. It is highly significant, indeed I imagine it is fundamental to an understanding of the matter, that the centralized initiative of the Russian experiment rests upon the centralized discipline of an extremely intolerant and

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dogmatic cult. This is the thing, rather than the details or even the principles of the revolutionary plan, which most completely separates what they are attempting from anything we can attempt. For we all carry our past with us into the future, and in our particular past there is the inheritance of the Reformation and the Renaissance, of the Enlightenment and of the Revolution, of religious dissenters and of pioneers, of western science and the industrial revolution, of democracy and nationalism, of all the great historic forces, in short, which have made us utterly intractable to any simple, dogmatic, uniform rule of life.

It is vain to suppose that our problems can be dealt with by rallying the people to some crusade that can be expressed in a symbol, a phrase, a set of principles or a program. If that is what progressives are looking for today they will look in vain. For the objectives to which a nation like this could be aroused in something like unanimity are limited to a war or to some kind of futile or destructive fanaticism. Our objectives in time of external peace and of internal sanity are beyond the power of any man or faction or party to formulate and declare. They are too many-sided. They have to be discovered by the solitary efforts of too many minds. They have to be elucidated by continual free discussion. They have to be accepted with at least a modicum of good will. They have to be proved by experiment rather than imposed by authority. They cannot be deduced from a formula and imposed by legislative fiat.

These are the ways of liberty. They are laborious and often disappointing. But, however we may momentarily forget them and seek some shorter road to righteousness, or prosperity, or justice, we are driven back to them sooner or later because we are inevitably committed to them and there is no other way we know how to travel.

If we truly understand ourselves and our situation we must come, I think, to a view against which our instinctive and passionate natures rebel. It is that in the affairs of a people that which really matters most of the time is not so much what is done as how it is done. There are crises, of course, in

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which the result transcends the means. But such crises are comparatively rare: they may occur in great wars, in sudden calamities of nature, in uprisings which threaten to disrupt the whole fabric of society, in supreme emergencies where there is no time to think of anything but the quickest and surest way to meet them. But in the normal processes of daily life a nation cannot afford to let its devotion to any particular result justify it in forsaking the standards which it acknowledges.

The constant temptation is to forsake the standards to achieve the result, and thus to suppress the dissenter when he becomes annoying, to ignore the opposing argument when to answer it would be embarrassing, to distort the basis of public discussion by the shrewd manipulation of the evidence, or by ambiguous generalities, or by appeals to prejudice, to hatred, and to fear, to destroy the opponent, to get him by fair means or foul. These temptations have to be constantly resisted: men cannot fight effectively for justice with unjust weapons, they cannot fight for tolerance without sympathy, they cannot fight for liberty by using the weapons of tyranny. For if they do, they may win their skirmishes, but they will lose the war.

If we ask ourselves, then, what it is that we are certain of in our national life, what it is that we are surest of, what it is that we can defend with the clearest conscience, with the least hesitation and doubt, I do not think we can name a single concrete policy or principle. Is it the tariff? Is it prohibition? Is it public ownership of water power? Is it the Monroe Doctrine? Is it the farm debentures? Is it the present charter of New York City? It is the present Constitution of New York State? Is it the present Constitution of the United States with all its amendments and in all its changing judicial interpretations? Is it the policies of Mr. Hoover, or Mr. Roosevelt, or Mr. Walker, Mr. Norris or Mr. Norman Thomas? However passionately we may believe what we believe, in moments of cool candor and honesty with ourselves we cannot really believe that the whole truth has been revealed to them or to us. There must remain in all specific convictions a residue of skepticism. If it does not we have learned little from human experience.

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What then can we adhere to, since in our world we cannot be sure we have attained the truth? We can adhere, I believe, to the ways in which men have found the truth and to the spirit in which they have sought it. We do not know the answers to all our problems. We do not even know what all our problems are. We have only to look backward into history to see how often men have been preoccupied with issues that did not matter while they overlooked those which changed the course of history. Is there any reason to suppose that we see our world in any truer perspective? I should suppose not.

We must assume that the future will surprise us. We must acknowledge that we do not know how our destiny will unfold. We must believe that in the kind of world we live in, where invention and discovery engender such rapid change, it is impossible for us to say: there is our goal and this is the straight road to it. We are compelled to say that the goal is hidden, that we can see only a little of the road, and that the road we see is not very clearly marked. We are explorers in a strange world, and what we must depend upon is not a map of the country—for there is no map—but upon those qualities of mind and heart and those distillations of experience which men have learned to depend upon when they faced the unknown.

This, perhaps, is the testament of liberalism. For underlying all the specific projects which men espouse who think of themselves as liberals there is always, it seems to me, a deeper concern. It is fixed upon the importance of remaining free in mind and in action before changing circumstances. That is why liberalism has always been associated with a passionate interest in freedom of thought and freedom of speech, with scientific research, with experiment, with the liberty of teaching, with the ideal of an independent and unbiased press, with the right of men to differ in their opinions and to be different in their conduct. That is why it is associated with resistance to tyranny, with criticism of dogma and authority, with hatred of intolerance and fanaticism, with distrust of suppression and repression, and all forms of centralized, rigid and alien direction of men's affairs. It is open to anyone to say, if he likes,

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that the liberal is so open-minded because he lacks positive convictions, that he is skeptical and tolerant because he has no positive purposes. That is what Lenin said. That is what Mussolini has said. That is what many ardent American reformers say.

If they mean that the liberal spirit can become diseased and that one of its dangers is a tendency to paralyze the will, they are right. That *is* the prime danger of liberalism. It requires a highly civilized and therefore a very fragile adjustment of the human spirit which it is difficult for men to maintain: the capacity to act resolutely while maintaining a skeptical mind, the willingness to take all the risks of action knowing what those risks are. It is simpler to act without tolerating any disturbing doubts, to be whole-hearted with a closed mind, to shut one's eyes and then plunge forward. It is easier to govern if you enjoy the privilege of putting your opponents in jail. It is easier to make decisions if you do not first have to prove your case. It is easier to command than to persuade.

The question, however, is not whether it is easier or more exciting or more immediately effective in results to be illiberal, but whether the world we live in can be brought under civilized control without the gifts of the liberal spirit. I think it cannot be. In a stable, settled, and unchanging society, custom and established truth may suffice. But in an unstable and changing society like ours, the unceasing discovery of truth is a necessity. For the only sure foundation of action is truth that experience will verify, and the great concern of the liberal spirit with human freedom rests at last upon the conviction that at almost any cost men must keep open the channels of understanding and preserve unclouded, lucid, and serene their receptiveness of truth. This concern with human freedom is not only a matter of resisting encroachment upon civil liberties. It is a matter of personal honor, of seeking always in a spirit-searching self-examination to confront the facts with a mind and with a heart that have no hidden entanglements. There are the entanglements of material things which push us to rationalize our self-interest in glorious abstractions. There are also the entanglements of our convictions, the deposits of

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pride, hope, vanity and stubbornness, which men often guard as jealously as their property. The liberal spirit is the effort, not of any cult, or sect, or party, but of any man or woman, to remain clear and free of his irrational, his unexamined, his unacknowledged prejudgments, so that he may the more effectively make his little contribution "to the search and expectation of greatest and exactest things."

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THE THEORY OF OCCUPATIONAL OBSOLESCENCE

I

OCCUPATIONAL obsolescence is at the root of what we call technological unemployment. The term may be new, but it describes a phenomenon which is very old.[1] Changes always have occurred which create obsolescence in processes and devices of whatever sort or nature, the skill of men not excepted, and men always come to have something which they regard as a vested interest in their particular capabilities. Respecting these human instruments, because they are human, because they are part always of a jealously regarded self, there is a peculiar resentment against dispossession.

To discover anything like an origin of this process we should perhaps have to go back to pre-history. There are, however, records enough if we only begin with early modernity. It

[1] Some excuse, perhaps, is needed for using the term "occupational obsolescence" rather than "technological unemployment". The objection to the latter is based on the observation that many separations of men and women from characteristic jobs come about in ways which would require a very wide interpretation of "technique" or "technological"—a wider interpretation than would usually be allowed. The devices of factory relocation and replanning, of the tightened control of operations, of better personnel management, might be brought within the term; but such occurrences as the rise of new industries and the disappearance of old ones, of wide changes in consuming habits which have necessitated industrial reshifting, of the changes in international or even domestic trade which have upset old regional concentrations, of the discovery of new products or forces, of wide-sweeping social changes such as urbanization, the growth of education, and population regrouping—all these, and many more, have contributed to a situation in which occupational opportunities are altered. It is difficult to think of all of them as referable to "technique" as we ordinarily use the word; yet their importance to the problem under discussion is certainly not less than the substitution of machines for men in the immediate tasks of moving and shaping the materials of production. It seems better therefore to suggest a more inclusive and perhaps more accurate term. "Obsolescence" implies that something has happened to outmode a particular way of doing; it also directs attention to the significance of present uselessness, and removes the emotional connotations of "unemployment", a word which is apt to suggest the possibility of easy, direct, and curative action. Besides, unemployment is far from being the whole problem. It is nearly as bad to have been degraded, or forced to take a hated job, as not to have work at all.

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was, for instance, in the reign of Henry VIII that the first great enclosure movement dispossessed so many English peasants. So gentle a man as Sir Thomas More could discover a rare bitterness in this beginning pressure on English farmers:

> That one covetous and insatiable cormorant and very plague of his native country may compass about and enclose many thousand acres of ground within one pale or hedge, the husbandmen be thrust out of their own, or else either by conveyne or by fraud or by violent oppression, they be put beside it, or by wrongs and injuries they be so wearied, that they be compelled to sell all: by one means therefore or by other, either by hook or crook they needs must depart away, poor, silly, wretched souls, men, women, husbands, wives, fatherless children, widows, woeful mothers, with their young babes, and their whole household small in substance and much in number, as husbandry requireth many hands. Away they trudge, I say, out of their known and accustomed houses, finding no place to rest in. All their household stuff, which is very little worth, though it might well abide the sale, yet being suddenly thrust out they are constrained to sell it as a thing of naught. And when they have wandered abroad till that be spent, what can they then else do but steal, and then justly pardie, be hanged, or else go about abegging. And yet then also they be cast in prison as vagabonds, because they go about and work not, whom no man will set a work though they never so willingly proffer themselves thereto.

Sir Thomas More was inclined, as we are sometimes, to impute an individual responsibility for a social process. It was maddening to him, who loved his country so well, that pleasant ways should be disturbed, that the old yeomanry, traditional source of England's strength and solidity, should be driven into vagabondage. But his protest went unheard; and others since have gone unheard.

When the second great enclosure movement came, there was equal distress. It was then that Crabbe tore away the fiction of a Merrie England; and Goldsmith wrote his tragic lines:

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates and men decay

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and went on to describe what happened when men were torn from the soil which represented a long conditioning to the exigencies of getting bread, and which was, indeed, all they knew of economic opportunity. Lacking it, the world became at once a strange and unreal place in which their accustomed arts were no longer wanted and they themselves were aliens. It is by no means certain that this poem of Goldsmith's is not even yet the best dissertation on the theft of occupations, palpitant as it is with the sense of loss and the uncertainty of gain. Macaulay pointed out that Goldsmith, in true poet fashion, had joined materials in its making which could not legitimately be fitted into one picture—the reminiscent virtues, the historic homesickness, were all derived from the English villages of his later life, and the miseries of dispossession from the Irish experience of his boyhood. But Macaulay, too, was prejudiced; and of the two Goldsmith was probably nearest right.

Among other just perceptions he grasped the widening circles of influence which spread from central technical change. The preacher and the schoolmaster, no less than the worker himself, were caught in the net. No longer were they able to use their ". . . words of learned strength and thundering sound." These too were driven out:

> E'en now, perhaps, by cold and hunger led,
> At proud men's doors they ask a little bread.

And so they came to ultimate degradation. There is a bit of prophecy and advice just at the last, too, which we can still hear repeated more lengthily but not with greater aptness:

> Teach erring man to spurn the rage of gain;
> Teach him that states of native strength possess'd
> Though very poor, may still be very bless'd;
> That trade's proud empire hastes to swift decay,
> As ocean sweeps the labored mole away;
> While self-dependent power can time defy,
> As rocks resist the billows and the sky.

What this means, translated into poor plain prose, is that an

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amorphous, decentralized economic system with many centers of self-sufficiency is far less vulnerable than one with highly developed nerve centers. It may neither lend itself, Goldsmith means to say, to industrial profit-making, nor to rapid progress in raising the levels of living; but what it has it keeps, and, above all, it possesses the supreme virtue of security—security of food and shelter, such as it is, and, above all, of occupation.

It is this same perception which, not so long ago, raised many doubts in Mr. Stuart Chase's mind, and in my own, concerning the ultimate results of Russia's vast program of rural rationalization — whether drawing the self-sufficient village communities into an articulated national system was actually the right thing to do. It has led Mr. Chase to further exploration in the backwaters of Mexico. I, myself, have but recently returned from a France which had so little unemployment that the total was numbered in hundreds; and France, significantly enough, still remains, though not so assuredly now, a nation of peasants.[1] It may be that such a perception, even if true, is irrelevant to the contemporary situation, since our commitments to industrialization are so complete.[2] Exploration of

[1] In great contrast to her more highly industrialized neighbors. Even France, of course, is not always so fortunate. There, too, industrialization proceeds apace, bringing her nearer the common condition of Western nations.

[2] Ireland is an illustration of an agricultural economy just now struggling to industrialize itself. Having suffered more than most peoples in the last two centuries, and having freed herself from English domination a century and a half later than America, she is just now making the decisions we long ago made for ourselves. Some Irish thinkers, however, look forward to a balanced division between agriculture and industry. England refused to take this direction; as a consequence she has reduced farming to a negligible total of her activity and has become extremely vulnerable to the pressures of industrial change. In spite of the efforts of such early economists as H. C. Carey and of some later writers we seem to be following the same path. It will be interesting to see whether Ireland follows England now in spite of the warnings of various of her economists. Mr. John Busteed, for instance, in *Studies: An Irish Quarterly Review*, for June 1930, says: "The farmer's only hope is to be part of an industrial nation which, in its home market, can in effect offer him a share-out with his industrial fellowclansman". He looks forward neither to a wholly agricultural economy, which would be to condemn Irishmen to permanent hewing of wood and drawing of water, nor to complete industrialization, which would lead to vulnerability like that of England; but to a reasoned

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this sort can only lead to doubts which trouble us, but which offer no suggestion for solution. We shall not be turning back to what we once had. We abandoned that because it seemed to us then not good enough, and it would still seem insufficient if it could be recovered. What we have to do, clearly enough, is to turn toward an uncertain future, equipped not with pictures of an idealized past but with visions of possible betterment. Our task cannot be the negative one of destroying the institutions of the past few centuries; it must be that of elaborating new ones.

Poets like Goldsmith, Cowper and Hood performed a genuine service in making vivid the sufferings of uncontrolled change. More pedestrian historians have also piled up evidence until the weight of it has sometimes seemed unbearable. There is no longer even the excuse of unforeseeing ignorance to justify the contemporary incidence of cost. We have been shown so many times how these things operate; we know all too accurately what the results will be.[1]

The sentiment of pity has stirred men often; the fact of human suffering has never been looked at with indifference. Year by year as industrialism rolled its indifferent way toward the twentieth century protests arose at the cruelties undergone—patiently for the most part—by the workers and their wives and children. The wretchedness of insecurity, of dispossession, and of poverty has never been escaped. There might be cited volumes of concrete testimony, and not from the poets either, who were sometimes unbalanced by the miseries they saw, but from the coldest pages of history. Again and again English hearts were wrung; and it would be

balance. This, however, is a matter for national control since the advantage in bargaining is always with the industrialist, who will eat up the farmer if he is allowed to do so. Larger, more intuitive values must find their expression in national policy, even when they seem immediately to be costly, unless the mistakes of others are to be repeated. This question of specialized vulnerability may yet be influential in public policy.

[1] Among other accounts of the nineteenth-century transition see the concise one of C. R. Fay in *Great Britain from Adam Smith to the Present Day*, "Precise Reaction of Machinery on Hand Workers", p. 349 *et seq.* Every history of England describes the Luddite Riots, the Spitalfields troubles, and the hayrick burnings named after Captain Swing.

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untrue to say that the disposition was ever lacking to right the wrongs which were cited. Even Lord Brougham, to refer to a typical instance, was moved by most correct sentiments. He was terribly sorry; but he believed the economists who told him that "if the state looked after the capitalist, the capitalist would look after the workman, and that if society took care of the interests of property the deserving poor would become rich".[1]

Lord Brougham, and those many others of his class, were perhaps too much restrained by unfortunate attachments; but were the long line of nineteenth-century reformers any wiser? The Hammonds, in their terrible, true account of the town laborer in these years, remarked that "the favorite literature of reform consisted of pamphlets and statistics about pensions and sinecures." What was it Cobbett meant when, in a burst of righteous indignation, he said that the state presented itself to the poor with a bowl of carrion soup in one hand and a halter in the other? And is it not sufficiently true today that, however we may sympathize with need and with inability to find a place in the scheme of industry, we still meet the situation in much this same way? Everything to relieve, nothing to correct, is still our dominant attitude; and the jails are always open to the insubordinate just as scorn is always ready for any really corrective suggestion. Reformers, too, still frequently make the same mistake Sir Thomas More made; they desire to personalize and punish.

But still, in spite of this, it seems only just to say that the sentiment was a good one which offered "carrion soup." Those who offered it believed they had a duty not to undermine the independence of the unfortunate by offering a fare too rich. The particular choice which so enraged Cobbett seems incredible to us now, but is it a benevolence different in kind, or only in degree, which offers somewhat more generously free food and shelter, or a selection of jobs which violate a craftsman's pride? The parallel ought to teach us that we suffer from the same delusions which were common a hundred years ago. The difficulty is, of course, that pity,

[1] Quoted from J. L. and Barbara Hammond, *The Village Laborer*, p. 220.

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however genuine and moving, is not sufficient. What we need is a kind of courage our ancestors lacked, and that we have lacked, except in moments of exaltation, to experiment with our social institutions. In the ordinary course these are removed from the area of consideration by taboos so rigorous as to make it seem traitorous to suggest revision. Yet all we know would lead us to the conviction that there is no other way, since all the other ways have been tried with no success.

Occupational obsolescence has tormented industrial civilization through a century and a half of "prosperity". And if the economists then and later were less interested in this problem than in others, or if they believed that the protection of capital was a first necessity, there is still this to be said of them, that they did give to the problems of the apportionment of wealth a central place. The theory of "distribution", as they called it, was one of the most notable intellectual efforts of the whole century. We are too apt to regard it now as a defense of contemporary institutions and to forget how well it fitted the facts of the times. The pressure of population on its food supply, the imagined tendency of workers' incomes to approximate the cost of subsistence, and the doctrine of the wages fund, were dismal products of a dismal age.[1] The old rural world was breaking up, war succeeded war, crisis followed crisis, population multiplied at terrific rates. The times were difficult ones; and poverty was hid from no man's sight. Suffering was, indeed, so prevalent that to most men it seemed a natural thing, to be deplored, but also to be accepted. And those doctrines seemed dangerous which would have attacked this problem directly or which condemned the economic system because workers in it suffered. What seemed most important was that production should be protected; and when weavers broke their frames, and workers resented the coming of steam, they seemed to stand in the path of progress then, just as the printers or clothing-makers do now who try to prevent the introduction of new techniques.

[1] They were English products, of course; a very different conclusion was come to by American economists, whose conclusions we soon abandoned, however. Our doctrinal heredity is English rather than American.

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There came, about this time, a romantic movement in literature; and there came one also in economics. The plea that poverty damned the economic system and that men had rights in their occupations was a dominant *motif* in this dissent. Robert Owen and the other Utopian socialists openly revolted; Kingsley, Godwin and William Morris discovered wide and sympathetic audiences. But they failed, as romantics usually fail, because they fled reality, and because they wanted to turn time backward rather than forward. We do not include them now in the main stream of economic thought.

And, indeed, if the matter is looked at from the long-run point of view, the more realistic economists were quite as *right*[1] as the reformers. For the general use which society has made of its technical gains can fairly be called social progress; these gains have been the source of taxation for the building up of funds from which the community disburses free goods and services, for raising the levels of income for wider and wider groups, and for shortening the working time required of workers. Our real complaint on this point is that we have not gone far enough, that the process has been too slow and indirect. If we feel this way, the situation requires a different sort of examination than we usually give it: we need to scrutinize the process by which technological gains are transmuted into social ones. And this involves examination of the whole range of mechanisms we use for producing, apportioning and consuming income. Calling names will not help any more than it helped in More's time. And reiteration of the facts of unemployment will help as little. Any student of history knows that there are unemployed; but he knows also that the year 1930 was beyond comparison better in this respect than, for instance, the year 1430 or 1830. We are correct in saying that we should do better but not in saying that we never did worse.

[1] In their reaction to the industrial situation, not in their theory.

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II

We need, then, to look a little into the usual method of reasoning we use about occupational obsolescence. It is a well-known notion in economics that it matters little at what point the attack is made; before any satisfactory explanation of a phenomenon is arrived at, most phases of contemporary activity have been touched on. This enlarges itself, of course, into the system of general relationships within which the particular problems of economics are involved. In a sense all phenomena are related—which is what Maeterlinck meant when he said that the farthest star is concerned with the winking of an eyelid; but we can and do confine our chains of reasoning more closely than this in order to arrive at workable hypotheses. Sometimes, however, we are overrestrictive in the attempt to be what we call scientific. We isolate sections here and there of causes and effects and examine them in the particular rather than in the gross, a procedure to which we are often forced, but which has its own dangers. For in doing it we are apt to disregard many causes and many consequences which may be more effectively operative than we surmise. It is always an act of judgment to select chains of cause and consequence. The contemporary preference for quantitative methods and for exactness in measurement does, in fact, increase the possibility of error in judgment simply by lending a concrete air to the data immediately before us and by shutting off the ranging of the imagination among the less obvious, but possibly not less important, phenomena which lie outside the segment of our immediate observation.

Another thing we do is to establish, to our satisfaction, causal relationships and to infer from them a judgment of results which ignores to a degree other results and relationships. It is possible, for instance, to discover a train of major causes, or what we judge to be such, controlling certain events, and to use these in formulating the policies about which we are forced to come to some immediate decision. But it is possible, at any point, to branch off, on an error of judgment or logic, from this principal causal chain, to any one of a number of minor ones and to proceed, on this insecure basis,

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to policy-making. Our proposed cure is still oriented to a cause but not, perhaps, to an efficient one. We do this, one would say, when we say that banking policies or tariff policies ought to be shaped in accordance with self-contained principles in those fields, rather than as incidental measures designed to accomplish the more general aims we believe in for the economic or political community. Major causation, here, is wider than banking or tariff: these are incidental. The tendency to confusion comes mostly when we argue backward. We judge a cause by its result; at least that is the most prominent criterion at present, and is the one generally accepted in the social studies. But causes have to be judged sometimes by more than one result. Few of us are impressed by a result in the banking field which seems to show that a cause is maleficent, if that result flows from a cause which is, for other reasons, salutary in an important way. And all the alleged good results of the protective tariff might ensue and we might still not like it if the cause were, judged by more important results, harmful. There is an old saying which recognizes this sort of difficulty: the cure is, in fact, often worse than the disease.

We fall into these dangers—or at any rate some of them—in arguing about occupational obsolescence. We argue that it is bad for an individual not to have security in his work; we speak of rights in occupations; we point to distress from loss of income. The results are bad. We look for the cause, and say that we must remove it, since its effects are obviously bad. But when we discover that this cause may be something which is of a general and major nature, moving within an area of significant relationships, some of us seem to hesitate no more than as though we had run into something of an isolated and cancerous nature which could be removed from the social tissues in clean and surgical fashion, leaving undisturbed the essential functioning of the body it inhabits. We need to ask ourselves whether this happens, in the present instance, to be true.

It seems at first somewhat heartless to say that unemployment is an incident. But this does not imply that we lack

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sympathy with the unemployed; and it does not imply that no measures of relief ought to be undertaken to mitigate the personal disaster of loss of income. It simply recognizes that unemployment is a result of causes we cannot lightly discard, and that it is not the only test we can make of these causes. The chain of major events involved here has to do largely with the technique of production. We progress, in our control over nature, as we substitute mechanical devices and harnessed forces for human effort. We happen, in our generation, to be living at a time when generations of thought and effort are actually being brought to bear in industry. This cumulation of results should have been foreseen and our social devices should have been more closely correlated with industrial change. If this had happened we should be in a better position to register thanks for technical progress. But our problem is not to stop and to restore an old stage of industrial technique; it is to bring up to date our social devices. Industrial progress is a cause we cannot attack in order to cure an incident of that progress.

If industrial advance is toward the elimination of human effort in industry, social advance is toward provision for the fairer and quicker sharing in the results of this development. What is made possible—or what might be made possible—is, for one thing, larger incomes all round, more goods and services to command, and, for another, more free, as contrasted with directed and disciplined, activity. The one we call the standard of living, the other we are beginning to talk about as the uses of leisure. We have had a kind of crabbed improvement in these matters. We need a quicker and less grudging advance of this sort, just now, perhaps even more than we need greater technical efficiency. But it remains true that advance here is conditioned on continued improvements in the productive arts. We cannot have higher incomes and more leisure if industry fails to follow the logic of its development. Nothing we do in this field ought to be done in such a way as to retard or to hamper efficiency in production. In fact, ideal arrangements ought to and could contribute something to productivity. The reciprocal possibilities here have often been

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pointed out. We are willing to admit that it is right for natural forces and materials to do the work of the world; and that when work is done in this way there is a possibility of freeing men from labor. And yet whenever we are faced with one of these disturbing concomitant facts—such as the dispossession of workers undoubtedly is—we seem to lose our hold on the chief issues and fall back on despairing romantic suggestions whose effect would be, if there were any, to injure the sources of the progress we hope to make.

III

The object of most scientific inquiries is not, as is sometimes said, to establish uniformities, but rather to discover the efficient moving forces in an observable sequence of events. This is because we want to do something about the results we observe; causes are usually inferred from these results. We are not so much interested in classification as in the character of relationships; and perhaps not so much even in these as in the kind of human situations they produce. Relations among events are, as we know, sometimes causal, sometimes incidental. It is one of the weaknesses of current statistical literature that simple correlation tends, among the inexpert, to be confused with causation. In many instances the social sciences stand in need more of free hypothesis-making than of quantitative measurement. We are face to face, in this matter of unemployment, with the possibility of a grave error of policy, an error which is given substance by such methodological confusion, together with too great concern that the policy shall please us. Many of us are palpitating, as Utopians so often have, with what may be a wrong emotion. Because we are making technological improvements which obviously do work formerly done by men, we jump immediately to the conclusion that a correlation between general unemployment figures and gains in efficiency establishes a causal relationship. There is a possibility, however, that it may not be so. At least it can do no harm to state another hypothesis.

Suppose we accept, for this purpose, the idea that gains in technology ought to increase the opportunities for human

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activity. This would require us to treat the phenomenon which we identify as "occupational obsolescence" as a strange and unnatural aberration to be accounted for by departure from the normal sequence of events. When an assumed cause does not produce an expected result, the scientist, before throwing out his hypothesis, looks for disturbing phenomena. Do they exist here? And, if they do, what is their significance?

It is difficult to believe that economists can have been entirely mistaken all these years when they said that advances in technique tended to enlarge industrial activity. This hypothesis is at least worth more consideration than it currently receives. The statement runs, it will be remembered, in these terms: improvement, by reducing costs, and consequently prices, increases incomes, which, when spent, create a demand for more products. Some one must make these and be given employment at the making. Besides, some employment is furnished by the activities of improvement.

There is, of course, a very complicated situation. In stating the sequence in this way, a quantitative progression from step to step is implied. But measured quantities of work to be done, either by men or by machines, ought not to be imputed. The requirements are not fixed in these terms. It is, however, historically true to say that there are always more and more goods to be made somehow. If we leave out any attempt to be quantitatively precise, and eliminate the short regression periods which recur rhythmically, the curve of production is a rising one in any physical measure. There is not only more of the old work to be done, because there are more of us, and because each of us enlarges his consumption, but also more of the new sorts which we constantly invent. This seems to be true even if generous deductions are made for vanishing trades. It does not necessarily follow that increased production enlarges employment. It would, if other things remained equal; but since they never do, an area of uncertainty remains, here, which requires a good deal of further exploration.

The older economists, with their penchant for assuming too much, postulated a readier translation of corporate incomes into consumers' demands than we should allow. But they also

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assumed that the new work, which was to employ the displaced individuals, would be done in the old ways. The new employments are, however, the very fields in which the greatest technical efficiency is evident and in which men are least in demand as physical movers. They were in error, probably, in believing that, even if lowered costs did readily produce enlarged consumers' demand, new work would automatically open to ever larger numbers of workers. No one knows, really, just what happens here. There is the possibility that even with all the new kinds of goods and services to which we turn as we are freed from laboring at the old ones, not so many workers are required. Or there is the contrary possibility that more are required, or would be, if the sequence of events worked itself out. It is this possibility which makes it seem worth while to reëxamine the idea that improved efficiency increases rather than diminishes activity.

IV

The thing to do is to examine each step of the assumed process and see whether events do—or could be made to—happen, so that the beneficent result economists have so commonly foreseen is secured. First there is the idea that more efficient technique reduces costs. In examining this proposition in itself a good deal of caution is required. We have to remember, for instance, the function of time in these changes. There is something less than immediacy in the translation of improvement into lowered costs. Only after the clear beginning of amortization for considerable capital outlays, and observance of the effect of changes on many interrelated processes of production, is it possible to conclude that costs are actually lower. And even then, the extent of their lowering depends to a degree upon the volume of the consequent output. This is because general costs are important only in relation to quantities of product. The whole result is apt to be something rather more moderate and very much less quick to register than one might imagine who has had no intimate experience of factory technique.

A reference to time brings into relief the problem of antici-

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pation in our business system. It may be put down as a leading requirement, without question, that a proposed change must seem to promise something better, and that this something better is ordinarily a reduction of costs. Otherwise, in the councils of business, it would usually not be approved. The fact, however, that a multitude of readjustments must follow any change of process in a highly routinized system, frequently introduces sufficient complications to make the result of change somewhat uncertain. Whether it be a new process for refining copper, a new way of getting gasoline from petroleum, a new type of blast-furnace in steel mills, or a more efficient way of transmitting power—only certain changes are mentioned which happen to be currently conspicuous — the resulting lowered costs seem promising but are not automatic. Considerable capital, which must be got from somewhere, usually has to be laid out to make the new scheme effective. There are certain changes which require very little outlay but merely better arrangement of present plants and machines; but these must be very few compared with others for which really vast expenditures are required. In our system, outlays of this sort are financed by persuasion. Funds which might be distributed immediately as dividends must be appropriated to this purpose, or other outside funds attracted. For this and other reasons, the promise of betterment must usually be rather clear. And yet, however clear, there is always an attendant uncertainty which consists partly in the possibility that the improvement may not work so well as it was hoped, partly in the uncertainty of ultimate demand for the product, but partly, also, in the fact that the improvement lays upon the enterprise an even heavier burden of overhead costs. This modern tendency of fixed costs to supersede variable ones renders the enterprise more and more subject to the vicissitudes of the business system. Ruin may not only follow from a complete loss of business, but even from the loss of a very small fraction of it. Overhead costs continue whatever the output, and constitute a commitment to full production schedules which is the nightmare of modern management.

With no more guarantees than the usual enterprise possesses

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of a continuous market, there is not only a certain reluctance to undertake really revolutionary changes, but also a strenuous attempt to build up liquid surpluses as a kind of insurance against periods of reduced output when costs have still to be met, even with a contracted income. These surpluses can never seem great enough for this purpose; and much is sacrificed to build and maintain them.

There is some possibility, because time will have elapsed, and because anticipations are often hastily estimated and inaccurate, that lowered costs may not follow on changes in technique. This and consequent difficulties in raising capital may engender reluctance to undertake them. It must be said, however, that in large sections of modern enterprise—the more prosperous ones—the reverse is true: there is an overoptimism, an overconfidence in the business which has paid so well. This leads to overbuilding, overimprovement, overinvestment in productive equipment. When this occurs the industry is still more heavily burdened with overhead costs to meet which even greater liquid reserves must be maintained. These reserves, which are made necessary by the processes of technical improvement, the multiplication of overhead costs, and the uncertainties of the market, have, in themselves, become a major social problem. For what can be done with them? How can they be managed so that they will really be available in the crisis of the business? An analysis of all the ways in which they are used would show, I think, not only that they are a social problem, but that they are ineffective for their specific purpose. The serious consideration just here, however, is that they prevent the translation of improvements into lowered costs. For, if businesses are to be kept prepared for uncertainty by surpluses proportioned to all possible eventualities, prices cannot be lowered as costs are, but must be kept up. This keeping up of prices comes to seem so important that it obsesses the whole enterprise, and an escape from price-reduction is sought through subterfuges, sometimes even through very costly expedients of doubtful value. Thus funds which might be transmuted into lowered prices—the equivalent of higher incomes for consumers—are used

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instead to increase costs of another sort. Even when sufficient time has elapsed to demonstrate the success of an innovation, the reluctance to reduce prices persists. Advertising expenditures are an illustration of these reluctance mechanisms. Undertaken at first to steady demand, such devices are frequently continued as a defense of prices. Some American businesses are by way of forgetting the old axiom that the best way to enlarge net returns is to expand the market by lowering prices.

V

We have here, then, a series of devices invented by businesses to meet the individual burdens forced upon them by the stress of change, devices which tend to prevent the lowering of prices as costs are reduced. Even this is too simple a statement of what happens. A truer one would be that efficiencies are often prevented from lowering costs for the individual concern even when they seem immediately to have done so. This is not the fault of the improvements themselves but of the system into which they are injected, since that system requires new costs to be substituted for old ones. As they are more closely fitted to one another in synchronized series, their nature alters. They help to perfect a mechanized organism which assumes a rhythm of its own. Its chief requirement for success is continuity. The life goes out of it if the rhythm ceases or is periodically interrupted; a kind of corruption sets in which must, at any sacrifice, be avoided. The real test of life is living. But just as homicide can, for a time, be concealed, so the taking of breath from the body of industry can be hidden for longer or shorter periods if overhead costs can be met and dividends can be paid. The building up of reserves is for these purposes. Only when there is a promise of full continuity can any modern business feel itself justified in translating lowered costs into lowered prices for its product. And, in a system such as ours is, the preservation of continuity must, as capital commitments increase, be represented in the annual budgets by larger and larger appropriations for forcing sales. This is so continuous a struggle that these appropriations become really further additions to overhead.

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With these considerations in mind it is easier to see how it is that the formula of the earlier economists is not allowed to realize itself. Only in a system in which discontinuity had been substantially mastered, and in which changes were fitted into a working plan accepted by producers and consumers alike, could the managers of industry afford to pass on their gains to consumers. They cannot do it in a system which is decentralized as to initiative and planning and in which continuity must be protected by the anomalous expedient of adding to overhead costs a large part of the gains from technical improvement. As things are now, much of what the engineers save is necessarily spent in protecting the exposed business from the consequences of invention and adaptation.

The difficulty lies, however, not in the improving technique, but in our British ineptitude for social, as contrasted with mechanical, thinking, and in our reluctance to accomodate our law to reality. The spirit of the common law has protected our liberties for generations; it embodies our particular genius for ultimately having our way with dictatorial individuals and systems of things. It would be a desperate resort indeed to throw it over for the alternate Roman system. But in the matter of industrial institutions it has shown itself so awkward, so slow, so unamenable to the necessary expedients, that everywhere it is being brought in question. Will the defenders of present arrangements succeed in so definitely identifying themselves with this common law, that progress must consist in its supersession? They will desperately try to do so. But so, of course, did the squirearchy of England in the eighteenth, and the new industrial magnates in the early nineteenth century. Our problem is an old one to British peoples: the discovery of a way of compromise, a way to keep our liberties and to have our goods. If, at the very beginning of exploration into the processes of a system which produces such phenomena as we are concerned with here, we run head on into difficulties attributable only to the peculiar nature of this institution, it is necessary to remember again that causes must not be judged by one result alone and that what is valuable need seldom be sacrificed provided it is really valuable.

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The necessity for planning and for discipline, which seems at first so inconsistent with the discrete and individualistic nature of our legal institutions, can, if we must have it, be fitted somehow to our traditions. It is our job to find a way.

VI

General difficulties of this sort by no means disappear as we pursue the further analysis of the economists' formula. Indeed they become more prominent. For the next assumption is that lowered costs, having become lower prices, constitute an increased demand. This is because incomes have become greater —real incomes—goods and services which can be gotten by the purchasing power of consumers. It is impossible to question the general statement that lower prices constitute an addition to income which may be spent to enlarge the ways of living of consumers. There is, however, the qualification, as was suggested by Mill, that reduced prices are of certain things and that increased demand is for certain others. So that only in exceptional cases, in our system, may any one concern find in this a motive for price-reduction. Only if there were some guarantee that *his* price-reductions would be spent for *his* goods would there be, for a manufacturer, a genuine business reason in this argument. Indeed he stands to gain by the reverse. He would like to keep his own prices up and have all other sellers reduce theirs, thus enlarging his potential market. The consequence is that only by a more complete merging of the interests of all sellers of goods can interests be so fused as to create any sufficient motive of this sort for price-reduction. But this is monopoly; and nothing is more dangerous to the common-law view than monopoly of any sort, most especially among the purveyors of goods and services. The history of our own statute-making illustrates this quite as well as the activities of English legislatures. Indeed, to use a familiar illustration, the framing of our Sherman Law was conceived by the then contemporary legislators merely as making effective in the federal sphere those common-law rules which might be enforced by the lower judiciary even without statutory definition by the states, so deeply were they felt and so widely recognized.

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To shift over from institutions with the long history of these, so familiar to all of us as to seem a part of the very essence of our social rule, to others more disciplined, more restrictive, with penalties attached, in fact, to what are present virtues, is no light undertaking. Yet are we not in the midst of it, and only afraid, as yet, to define the trend of events to ourselves?

It is also possible to suggest that the old common-law rules have been perverted to the uses of business.[1] The law is older than modern capitalistic enterprise; and its deepest principles are founded in a protection of the users rather than the makers and sellers of goods. For a century we have believed that consumers' interests are best conserved by a recognition

[1] A good illustration, it seems to me, of the genesis of modern institutions. The rigorously institutional economist is somewhat like the classicist in placing too little emphasis on what ought to be obvious—that institutions, the experiences of economic activity, are always being born and always dying. Institutionalists are apt to center attention on accounting for modern economic behavior by the sweeping use of anthropological material and consequently to build up categories which are over-inclusive. If the four factors of production, and the corresponding ones of distribution, which are so bitterly criticized as non-functional, are so wide as to have lost their conceptual value, so also, it seems to me, are "pecuniary emulation", "the business order", "the industrial employments", "the ceremonial dependencies" and others so familiar to students of Veblen. They do not help in our essential task, which is to preside over growth and decay, to control in the light of experience and purpose. For this we need analysis in less heroic terms, a delicate probing of complex industrial tissues. Here we have an instance of a relatively old institution—the common-law apprehension of what duties are obligatory to a business affected with the public interest—being transformed under our noses into another kind of institution—the conceiving of the duties once owed to consumers as now being owed to other businesses. This is by no means an isolated instance. Our whole system of relations in industry is by way of being organized into institutions inimical to the public interest simply because we allow interested groups or their legal representatives in the judiciary to create them. The further this goes and the deeper these habits of regarding sink into our minds, the more difficult will be the wrench of removal and re-beginning. The institutionalists give us so little help because somehow they fail to emphasize the idea that institutions begin and grow and that reason can play a creative or a mortuary rôle. An argument for experimentalism is surely the contrary emphasis on contrivance; not that analysis is to be neglected, but that it is not final, only definitive, and displays the materials and conditions of creation in tentatives which, when they are reached, serve not as ends but as indications of the need for and the purpose of social policy.

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of *business* rights. The shift at the end of the eighteenth century to capitalistic and corporate organization won a hard victory over the restrictions of mercantilism. It required more than one book and more than one case at common law to establish the freedom of enterprise. So long and difficult a struggle is apt to end in overshooting its aims. The identification of business-men with the individual to be protected at common law has, by now, come to be accepted without question in our current judicial definition. Nevertheless we have only to examine the nature and intent of the original principles to discover that there is something older and deeper; and that this notion made its way by appeal to principles to which we have only to appeal once more for its modification. The common law is an institution which will permit the governance of industry for the social benefit if we can see clearly and in practical fashion what it is that we want to do; and if we can demonstrate with some reason sufficient benefits to justify the change. It is frequently said that centralization, planning and compulsion are inevitably subversive of liberties which we value as only such hardly won gains are ever cherished. Perhaps the best answer is that coercion exists now in important areas of industry. Undoubtedly the planning and control are for other purposes than those of securing the ordinary individual's rights. But these rights are still alive in our law and are still generally recognized. What is not recognized is that we go about to secure them in a mistaken way.

There is a passage in Mr. H. J. Davenport's *Economics of Enterprise* in which he explains how it was that our nineteenth-century institutions were shaped in favor of business liberty:

> The economists of the first half of the nineteenth century were engaged in the study of societies emerging from centuries of kingship, of government of classes, of stupid and unjust legislation. It was clear enough that the progress of society lay in the breaking down of legal barriers and limitations, in the sweeping away of the privileges of caste and class, and in the development of popular institutions under the form of local and individual initiative. The time was one of growth and advance. A wealth of achievement justified the advocates

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of industrial liberty as theorists and honored them as prophets. The era was a series of object lessons in the blessings of untrammeled individual activities and in the dangers of overlegislation and paternalism. The benefits of increased freedom argued for the wider abolition of regulation, and the regime of liberty came to stand as the ideal toward which civilization seemed to tend.[1]

In those days, it was radical to argue for the liberties of the enterpriser as against the landed interests. The common law then was widening its protection, just as now we hope to see it widen further until, indeed, it finally includes all people. And if, to do so, there must be a new discipline, new restraints imposed, these will not be found alien to its tenets but only to its modern interpretation. For the enterpriser has lost himself in corporate complexity and only by the most dramatic fictions can the rules for his release be tortured into charters of corporate liberty. The strength of our law, aside from its pursuit of freedom, has always been its recognition of fact. The modernist in economics appeals to a different set of facts than did Adam Smith, but he still pursues the ideal of the wealth of nations. Is it not true that the longer we put off this definition of restraints and liberties, the more danger there is that something will be lost that we cannot afford to let go? For what we tend to do is to relax our common-law restrictions on businesses without imposing upon them any responsibilities or disciplines of a new sort. And these will be more difficult to impose as the custom of irresponsible arrangement hardens.[2]

[1] *The Economics of Enterprise,* pp. 513-14.

[2] There is also another consideration in the translation of reduced prices into effective demand. These demands can, by being badly judged, defeat their own purposes. Evidently we need a discipline of some new sort, inconsistent with our habit, not only for business organizations but for consumers. We think we have a right to anything our money will buy. And this belief is, perhaps, more firmly lodged than any other tradition having economic consequences. Yet the fact is that this right of ours, which we assume may be carried out at any time or place, upon the impulse of the moment, has momentous consequences. It is because of this that the problem of anticipation is so grave a one, and one which grows worse as capital commitments increase and as production grows more roundabout. Consumers' aberrations are notorious—so unpredictable that vast

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VII

This brings us, with what difficulties we have seen at every step, to the expanded opportunities for additional activity which was the assured conclusion of the formula. Granting success to this point, will employment expand as demands increase? Even if one of the canons of consumption should come to be the requirements of a productive program, would it follow that the enlarged output would necessitate as many workers as were made superfluous by the original substitution of improved machines and processes for men? Will the circle be completed? To calculate that it would is to assume, as has already been suggested, that the enlarged work of making old goods, or the expansion of work to make new ones, is carried on under conditions not very different from those which originally existed. But time has elapsed, more improvements have been introduced; and work is now done in a new milieu, with revised relations between men and machines. The likelihood grows that workers, once replaced, will have difficulty finding jobs for which they have been trained.

But occupational obsolescence cannot be defined as a simple ousting of old workers. New millions come to our factory gates each year. And we need to ask ourselves, about these, whether the schooling we have given them is of the sort which will make them available for the opportunities we actually offer.

adventures are carried out, sometimes with success, sometimes without, in inducing or stimulating them. These adventures are, at best, uncertain; and they are of something more than doubtful usefulness to consumers themselves. But even when they succeed, they are temporary and feverish, and apt to overstimulate unhealthily the businesses which engage in them. In any case, their justification on these grounds aside, any serious attempt to make effective the formula by which improvements may become enlarged activity, would have to deal with the incidence of choice, to limit and confine it more closely to the requirements of some program. Otherwise all else we might do would be wasted by a kind of wholesale indigestion, induced as a byproduct of an irresponsible pursuit of profits. Unless that enlarging demand, of which the economists speak so confidently, is somehow made effective for productive needs rather than for consumer's fancies, it will scarcely play the rôle for which it was cast. It may not be far-fetched, either, to point out in this connection that, with every rise in standards, demands lend themselves less easily to forecast or to discipline. Who can define necessity now? And if not necessity, how much less any other kind of good!

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The requirements are less and less vocational in a routine sense, more and more of the sort which require mental alertness, powers of analysis, ready adaptability, and comprehension of the rudiments of scientific method.[1] No individual who is illiterate—and an astonishing number are either illiterate or nearly so—can qualify. No child who has not been made, so to speak, to discover the world with his own hands and mind, is of much use. Doubtless educational theory in our time looks in this direction. But genuinely active practice of the new principles is distressingly slow to spread. So that not only, as the conditions of work change, are fewer of the old workers qualified to undertake it, but many also of the new ones find themselves unprepared to meet the qualifications. These, although some of them were once employed, and although their powers and skills are unimpaired, are now unemployable. The simple thesis that enlarged consuming power expands employment is subject to reservation, we see, on a number of grounds besides the obvious one that we make it the worker's own responsibility to find himself successive jobs and that a considerable army must always be on the move from one to another.

We need also to note that any new employments which may open up are apt to be the very ones in which the man-machine ratio is least favorable to enlarged employment. New industries are the ones in which the location and lay-out experts are apt to be given the freest hand, where machines are sure to be the latest device in "labor-saving", where power applications are most efficient. It is no insignificant fact that during the last decades the automotive industries have shown

[1] Undoubtedly one of the dilemmas which must be faced sooner or later is that of the necessity for a vocational heart to the educative process, a commitment to which all modern theory points, and the equal necessity of preparing children for an industrial career which grows all the time less vocational in any specific sense. Whether the aptitudes for modern work are really fostered by apprenticeship to any sort of hand-work may be doubted. The schools are in a position to generalize apprenticeship if they can see a way to symbolize without copying, to prepare for general relations with machines without confining knowledge and ease in handling to any one set of them. But an observer would say that the way is not yet clear. Doubtless true education centers on activity; but must activity always function with vanishing instruments?

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the greatest increase among our industries in per-man-hour efficiency. They were new and rapidly growing occupations, equipped with new plants, inventing new processes and machines overnight, and with a scale of profits which could provide dividends and surpluses and still yield the engineer ample funds for contrivance.[1] All the workers in the country could not build a fraction of our annual automobile output by the methods which were used to build horse-drawn vehicles.

We cannot tell, at present, whether, if the preliminary conditions of the economist's formula were met, employment would be increased by the consequently greater output of goods and services. And meanwhile the evidence piles up that our problem grows more pressing. New phases of it continually come to light. We have recently begun to realize, for instance, that the normal working life is being shortened in alarming fashion. It is difficult, we learn, for workers of more than forty to find employment at all; and for those of fifty it seems nearly impossible.[2] In an era during which technique stood still, or changed with relative reluctance for a generation, men could hold their jobs or find similar new ones. Discharge has become a desperate matter for the middle-aged; yet, in spite of every concession they can make, their opportunities contract. Young men are more flexible; mind and muscle are more resilient; they have had a different and better training in and out of school. Elders are apt to like their work too well; they become wedded to its art and resentful of innovation.

[1] Most conspicuous among these, at the present writing, is the A. A. Smith Corporation of Milwaukee, makers of automobile frames and pressure containers, where ten times fewer workers and more than ten times as many engineers as are usual have sought consciously to discover the logical end of industrialization. Having nearly eliminated workers as workers, this organization, and others inspired by their success, are apparently at the threshold of such industrial advances as now lie dormant in the brains of utter dreamers. The twentieth century may yet see a real industrial revolution. The reader is referred to an article concerning this corporation by Mr. Stuart Chase in *Fortune*, for November, 1930, p. 63 *et seq.*

[2] There is some discussion of this problem in an article by M. W. Latimer, "The relation of maximum hiring ages to the age distribution of employees and to the problem of unemployment among older workers", in the American Management Association's *Personnel Series*, No. 3.

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These contrasts are only partly specific; compared with definite mechanical replacement of hand-work, this general problem is immensely greater. It works itself out through our huge annual employment turnover which yields employers a continual choice between the old and the young, as well as an opportunity to discriminate in other ways. But mere attempts to reduce the numbers of yearly separations can effect only a slight amelioration. So long as our measures of efficiency continue to improve, and so long as no time-contract exists between employer and employed, contrasts of accomplishment at various age levels will continue to appear more clearly and will, as time goes on, be even more promptly acted upon. It may be, of course, that there will come a slowing down of change; if there is a slowing down, then this particular kind of obsolescence will be modified in importance. It would be a feeble solution to wait and hope for that. A far better one could be found in the direction of adult education and the rehabilitation of the human obsolescent.[1] Man is the most flexible of all machines; he is not originally geared to a specific mental or manual task as a steel machine must be. It ought not to be impossible, if we cared to do so, to reëducate men to continually new tasks.

It is likely that an important obstacle to such undertakings on a vaster scale than we are accustomed to is our prevalent counsel of despair. There is a feeling at large that we have too many goods and too many workers. Everywhere, in agriculture, and in factory industries there is talk of surplus, of the need of reducing stocks of goods, of withholding efforts to produce. Why, it is asked, should we undertake any program which will make solution more difficult by increasing the number of workers or of the supplies of commodities? Never, perhaps, in history has economic nonsense got itself into so many heads. Is not the old paradox of progress and

[1] Perhaps in the future, schooling, instead of being confined exclusively to early years, will become a resort for many individuals at all ages, a ready instrument in man's exigent struggle for adaptation. *Cf.* the author's "Occupational Obsolescence" in the *Journal of Adult Education*, vol. III, p. 19 *et seq.*, January, 1931.

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poverty still awaiting a solution? Is it worth while to escape revision of our institutions by a lowering of living levels, by acquiescence in widespread unemployment, by a sacrifice of well-being even among innocent and unsuspecting children? Yet that is exactly what we assent to when we credit the current talk of surpluses. Surpluses, yes; but of what? Of goods which manufacturers, or, perhaps, middlemen, choose to force upon us at impossible prices. Of goods made by the inflated production programs of those who are given permission to use our capital resources as they like. Of goods which emanate from our badly balanced producing organizations. But never enough of the goods we should like to have at prices influenced by genuinely necessary costs. Without imputing dishonesty or even lack of good intent to anyone, it is still possible to ask how so uncritical a faith as ours can be maintained in a system which involves want and lack of opportunity to produce and then shuts down its factories and abandons its farms because demand is lacking.

VIII

There is much of interest still in Mill's discussion of this problem, though it is confused for us by his conception, at the time he wrote his *Principles,* of the doctrine of a wage fund. He says, in one instance, "All attempts to make out that the laboring classes *cannot* suffer by the introduction of machinery, or by the sinking of capital in permanent improvements, are, I conceive, necessarily fallacious." This was because demand for commodities was not necessarily a demand for labor unless that demand resulted in the devotion of increased capital to the productive operation. He says immediately, however: "Nevertheless, I do not believe that as things are actually transacted, improvements in production are often, if ever, injurious, even temporarily, to the laboring classes in the aggregate." This was because he foresaw that in most instances circulating and fixed capital would maintain a correlation of increase. Certain difficulties, which he mentions, would prevent the overexpansion of fixed capital at any such rate as would impair the sources of existing employment. He does

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not absolve society from a certain responsibility if things should turn out differently. What he has argued, he says,

> does not discharge governments from the obligation of alleviating, and if possible preventing, the evils of which this source of ultimate benefit is or may be productive to an existing generation. If the sinking or the fixing of capital in machinery or useful works were ever to proceed at such a pace as to impair materially the funds for the maintenance of labor, it would be incumbent on legislators to take measures for moderating its rapidity; and since improvements which do not diminish employment on the whole, almost always throw some particular class of laborers out of it, there cannot be a more legitimate object of the legislator's care than the interests of those who are thus sacrificed to the gains of their fellow-citizens and of posterity.[1]

We, today, reject the doctrine of the wages fund, and of the inevitable tendency of wages to approach the subsistence level. Nevertheless, much of Mill's argument concerning fixed and circulating capital is illuminating. We talk of the tendency of indirect or fixed costs to grow at the expense of direct or varying ones, and this derives from a distinction between two contrasting uses of capital. We admit, also, that the fixing of capital in permanent improvements which replace labor, increases the commitments of the productive organization to payments of other sorts than wages, especially, as we have seen, to dividends and to the maintenance of liquid surpluses (or ones which are intended to be liquid).

A problem we have to consider in modern terms is this: suppose savings are made by improvements which increase the possible profits of business, and suppose these are not devoted to paying wages or to reducing prices, must they not necessarily be spent just the same in ways which will enlarge employment? Even if they are devoted to dividends or are put away as reserves, they do not remain idle, but are used by a different set of individuals for presumably productive purposes. Here there are a number of difficult considerations, involving ques-

[1] *Principles of Political Economy* (American Edition, Boston, 1848), vol. I, p. 114 *et seq.* See also a final comment in Book IV, chap. v, p. 307.

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tions by no means settled in economists' minds. In the first instance what happens to dividends? If they are spent for consumers' goods, some one must be employed in the production; and opportunities for work as a result of the spending will not be different from what they would have been if the spending had been done by wage earners or had gone to consumers in reduced prices. It is probably true, however, that this is the sort of income which is the source of most savings (especially if we include land in the same category as capital and think of the returns on it as not different from dividends); and, if it is saved, a large proportion of it will be deposited in banks or invested in corporate securities. Banks will presumably make it the basis of loans for productive operations, and the corporations whose securities are bought will enlarge their old or begin new activities. It would be a mistake, however, to assume, at this time, a high positive correlation between deposits and loans. Other loaning factors are perhaps even more important than deposits. Loans, also, are made for purposes of doubtful productive value—for example, speculation. And it would be a mistake, also, to assume that investments in corporate securities always increase employment. Factories are built which come to bad ends; they sometimes turn out to have been useless in whole, or, more often, in part. Is not the "surplus" problem, which demonstrates an overbuilding, common to most of our great industries?[1]

Evidently increased wage payments or reduced prices are likely to result more directly in an expansion of that effective demand for goods and services which enlarges employment. There are risks in other uses which, if they are not controlled, become serious. This is even more true of savings devoted to surpluses than these others. For what can be done with them? Currently they are either held in banks as deposits, loaned in the money market directly (in which case they merely replace a banking function without even those modest controls which are ordinarily imposed by the financial system), or they are in-

[1] Not excluding agriculture; it is the universal complaint of farmers that production is too great, and vast undertakings are under way to reduce it—and this is an underfed world!

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vested in a judicious selection of other corporations' securities. In any of these alternatives, there is risk of loss, not only to the corporation, but to society itself, through the non-use of the capital or its use in such ways as to bring productive operations to a stop (as when a factory, injudiciously built, is wholly or partly abandoned). There seems no real solution for most of these difficulties except by some control of capital allocations. This is not to argue that capital ought not to be saved, that new enterprises ought not to be undertaken or old ones enlarged. On the contrary there are probably many uses for capital which have failed of exploitation. But this is precisely because we have trusted the functions of gathering and allocation to the wrong individuals. We have too easily assumed that the power to make profits implies wisdom in the disposal of them. These are distinct functions and success at one of them may very well be a disqualification for the other. Some social control is needed here, perhaps, more than at any other point in our system.[1]

IX

Other economists than Mill have discussed these problems; and, partly to show that their consideration did not begin yesterday, nor the day before, even in America, and partly because it exhibits in all its starkness the point of view of mid-nineteenth-century economists, I quote a passage from a widely accepted text written by Arthur Latham Perry and published just at the close of our Civil War:

> Formerly the prejudice was almost universal, and is still wide-spread in many parts of the world, that the general introduction of labor-saving appliances does an injury to the laborers by taking away their work. So strongly has this been felt by the laborers, that in England, and especially in Ireland, mobs and riots have usually accompanied the introduction of machinery into those departments of production in which hand-work had previously prevailed. If *work* were what laborers

[1] Perhaps the federal incorporation of enterprises—those of an undoubtedly interstate nature first and later others—such as is argued for in *Trust and Corporation Problems* (H. R. Seager and C. A. Gulick, Jr.; p. 642 *et seq.*) might be a first step on the long road to supervision of the uses of capital.

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really wanted, the prejudice in question would cease to be such, and become a sound opinion; since the only object and result of introducing machinery is to lessen work, at least with reference to a given product; and the laborers, to be consistent, should not stop with opposing new inventions, but should destroy all forms of existing capital, that there might be work a plenty for simple human hands. What the laborers really want, however, is not work, but wages, or rather, those commodities for which their wages are expended; and the question is, whether labor-saving processes tend to lessen, not work, but work's remuneration. There is no form of proof that I know of, which amounts to a moral demonstration that the substitution of machinery for labor cannot lessen the laborer's wages; the opposite has perhaps sometimes happened, and is possibly liable to happen, especially in agriculture, in certain transitory states of society. But the general appeal can be made to experience with all safety. As a matter of fact and experience, it has not been found true that the introduction of improved processes, the substitution of Nature's forces for human muscle, has deteriorated the condition of laborers in those departments into which the inventions have been brought, or the condition of laborers generally. Exactly the reverse has usually taken place; and wages are apt to be highest rather than lowest in connection with the most and the most durable machinery, and higher rather than lower, after the introduction of more and better machinery. Operatives in manufactories, for instance, are, as a rule, better paid than farm laborers; and better paid in the first class than in the inferior establishments. Teamsters, in this country at least, and I suspect in all countries, are as well to do as before the construction of railroads. So of spinners, weavers, and artisans of every name. In explanation of these general facts, it may be noticed, (1) that labor is always required in the construction and repairs of all kinds of labor-saving appliances, and so far forth, a new market for labor is opened up in place of any loss of market possibly resulting from their introduction; (2) these forms of capital always tend to cheapen the products which they help to create, and such products because they are cheap find a wider circle of consumers, and more must be produced to supply a now broader market, and so far forth the demand for labor may be stronger than it was before; (3) these improvements cheapen also the commodities consumed by

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> the laborers themselves and therefore a given rate of wages now secures for them a higher grade of comforts. Combining these observations with the law of distribution already pointed out, the conclusion is fairly established that the effect of machinery is, and will be, rather favorable than otherwise to the laboring classes.[1]

It will be noticed that Perry had no lack of confidence in his assumptions; indeed the downrightness of his statement would cause a suspicion that he, as did also some other common-sense New Englanders of his time, regarded them as not assumptions at all but as facts which anyone could understand who was fully possessed of his faculties. There was no doubt at all that the demand for labor to construct and repair the new appliances would equal any loss which might result from replacement. There was even less doubt that the commodities made by these appliances would be cheapened, and that, because they were cheapened, wider markets would result, and the demand for labor be consequently stronger than before. All those points which seem to us so doubtful were dismissed as beyond argument; some of them were not even considered worthy of mention—as, for instance, the question whether the cheapening of commodities to the producer necessarily cheapens them to the consumer. The result is that he can come, with no compunction, to a belief that real wages will be raised by reduced prices and that workers therefore inevitably stand to gain. As has already been said here, this is beautifully true, granting all the ifs. But what Perry and the others failed to envisage, probably, was that anyone should take their formula with sufficient seriousness to say: very well, let us take the necessary steps to put it into operation! And that if at any time it should be taken as the statement of a working ideal, the system to which they attributed so many virtues might reasonably be required to produce those virtues or to undergo suitable modification in pursuit of them.

A few years after Perry wrote his extremely popular text, another was written by Francis Bowen: he too discussed this

[1] Arthur Latham Perry, *Elements of Political Economy* (Scribner, 1867), pp. 189-191.

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problem, but far more realistically. He notes first the ordinary arguments: but he then proceeds to his doubts, and doubts with very grave implications they were:

> Often the immediate consequence of introducing an improved process, or a new machine, is so to economize human labor that many workmen are thrown out of employment, and wages are, for a while, considerably depressed. In most cases, however, the ultimate result is, through cheapening the price, so far to increase the demand for the products, that more persons than ever are employed in their formation, and wages rise again. Railroads have, in a great degree, created the travel and the traffic which they so much facilitate and cheapen, and thus give employment to laborers greatly exceeding in number the stage-drivers and wagoners whose occupations were superseded by them. The invention of printing deprived many copyists of work and wages, but has so multiplied books and newspapers, that there are now probably more persons employed in making books, than there were, in the fifteenth century, in reading them. Generally speaking, the progress of invention has enlarged, rather than contracted, the field for the employment of industry.
>
> But I doubt whether it has been so in every instance. The demand for an article is sometimes limited by natural causes, irrespective of its dearness or cheapness; and in such case, any improvement which will diminish the labor required for its production must permanently deprive some laborers of employment. Thus, the demand for bread must be limited by the size of the population,—that is, by the number of mouths to be fed: cheapen its production ever so much, and very little more will be called for. Hence, it may be feared, the use of the steam-engine in many kinds of farm work, and the recent invention of so many sowing, reaping, mowing, and threshing machines, have permanently diminished the number of agricultural laborers, and thereby lowered the rates of wages everywhere, even in manufactures.
>
> This is one of the causes—others will be pointed out hereafter—why the number of persons engaged in agriculture in Great Britain is constantly becoming less, so that a process of depopulating the rural districts seems to be going on, at the same time that pauperism is increasing, and the multitudes who take refuge in the cities and manufacturing towns find little

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> employment there and scant wages. Through the extended use of such machinery, indeed, a great farm comes to resemble a huge manufactory, in which steam furnishes the whole motive power, and the number of human beings employed is small out of all proportion to the quantity of work done. This result is a triumph of inventive skill and money-making ingenuity; but it is a matter of evil omen for the classes who are entirely dependent upon the wages of labor. The recent invention of the sewing-machine has taken away work and wages from many seamstresses, journeymen tailors, and shoemakers; and I doubt whether it has increased, in anything like the same degree, the demand for clothes, boots and shoes, and other sewed fabrics; since this demand must be regulated by the number of people who need to be clothed and shod. The construction of machinery, of railroads and canals, and of great works of irrigation, as in India, not only lessens the demand for manual labor, but takes away from the power of paying wages for it, through converting large amounts of Circulating Capital into Fixed Capital.[1]

One would not expect a full stop at just that point. The problems raised to view are surely so grave as to require some suggestion of relief. But there is an end to the chapter and to the discussion. Yet there has been an advance over Perry's arrogance of assumption.

Perhaps we may leave the earlier American economists' point of view at that. No further advance will be found in later discussions. Indeed the problem drops so far out of sight as to be ignored until the contemporary years are upon us. It would be impossible, however, to disregard what Marshall had to say. In a chapter devoted to "Progress in Relation to Standards of Life", he achieved something less than his usual illumination by coming to it in the midst of advice to unionists concerning the need for greater flexibility in wage adjustments: "For, indeed," he said, "the only effective remedy for unemployment is a continuous adjustment of means to ends, in such a way that credit can be based on the solid foundation of fairly accurate forecasts; and that reckless inflations of credit—the chief cause of all economic *malaise*—

[1] Francis Bowen, *American Political Economy* (1870), pp. 54-5.

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may be kept within narrower limits". He then went on to quote the following passage from Mill which stated yet more clearly what had come to be an axiom of orthodoxy:

> What constitutes the means of payment for commodities is simply commodities. Each person's means of paying for the productions of other people consist of those which he himself possesses. All sellers are inevitably, and by the meaning of the word, buyers. Could we suddenly double the productive powers of the country, we should double the supply of commodities in every market; but we should, by the same stroke, double the purchasing power. Everybody would bring a double demand as well as supply; everybody would be able to buy twice as much, because everyone would have twice as much to offer in exchange.

To the issue raised here Marshall brings only the psychological theory of lack of confidence; the catch in it is, he suggests, that though men have the power to purchase they may not use it. And he pursues this idea with his customary subtlety. But it is possible to suggest that men fail to purchase not only because of a lack of confidence but because of a lack of ability.[1] This is less true of buying for productive

[1] This is evidently one of those easy common-sense approaches to economic problems which will have to be disproved again and again by stubborn fact. It shows its head at a certain phase of every depression period. There are doubtless some who will remember the formidable "business-as-usual" campaign of John Wanamaker in 1921. The same sentiment recurred with even stronger backing in 1929. This time it took the form of "buy now and bring back prosperity" slogans. Even the "talkie" houses ran propaganda dialogues between Mr. Courage and Mr. Fear, cast in dramatic form, in which Mr. Fear advanced cautionary arguments, which were overborne by Mr. Courage's robust optimism. One listener to this nonsense who happened to be seated close to me during one of these dialogues growled in an undertone, when he had evidently stood all he could, "Yes, but what'll we use for money". This seemed then, and still seems to me a profound comment, pointing as it does to the lack of purchasing power and the deep maladjustments which brought about the situation in which stores were full of goods, factories were idle, but buyers were lacking. The attempt to convict consumers of a fault which is anyone's but theirs, and to throw upon them the burden of lifting the load of depression, is quite similar to that other evasion of responsibility, by which industry saddles workers with the costs of obsolescence and unemployment which they do nothing to bring about. The two, indeed, are closely related; both are parts of an institutional scheme whose results are engendering a critical assessment of the institutions themselves.

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operations than for consuming; but to focus attention exclusively on the former is surely to err in emphasis; it is consumers who are at the bottom of this dilemma—workers who cannot supply themselves with the goods which idle factories could produce so readily and in the making of which they themselves would so gladly join were they to be permitted.

X

After 1870, or thereabouts, until the end of the century and beyond, the possibility of general injury to workers from the introduction of machines and power seems to have been ignored by most economists. At any rate it had no important place in their work; and their discussions of it, if there were any at all, were usually incidental to something which interested them more deeply. This in itself suggests that there may have been something in the American economy which prevented the problem from becoming acute. It may be assumed that there is a considerable lag between the acute phases of economic stress and the formulation of the theories which appear in economists' books. Perhaps the discussion of the sixties and seventies reflected a pre-Civil War situation in New England; and perhaps its virtual disappearance after that time reflected the ease with which unneeded workers could escape from New England by way of the railways which had by that time become really effective transportation agencies. However that may be, there has been, in very recent years, a notable recurrence of interest in the problem. It may be suggested, with some reservation for other likely influences, that it arrives at a significant interval after the coming into full swing of what we call the "efficiency movement".[1] A remarkable feature of both these periods is that the discussion accompanying them has had so very little to suggest in the way of reorganized institutions. The remedies advocated are not remedies at all but obvious palliatives. Yet the analyses have been acute and intelligent.

[1] This accelerated movement owes most to Frederick W. Taylor, whose work was being done toward the last of the century but whose ideas did not spread rapidly until after 1910. See the author's *Industry's Coming of Age*, p. 120 *et seq.*

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Mr. T. N. Carver, in 1908, in an article called "Machinery and the Laborers" [1] was perhaps more interested in the question whether workers' incomes suffer from industrial improvements to the advantage, in general, of the owners of capital. This, of course, is another old controversy among economists which has been avoided here.[2] It has its own interest, but we have confined ourselves to obsolescence. Yet incidentally Mr. Carver is led to see that "the progress of invention has caused a shifting of demand for the services of the different classes in the industrial world." Manual workers are less important; but those who supply capital "as well as engineers and others who supply certain types of labor, are becoming relatively more important". And the general conclusion to which this part of his argument leads is that any man who finds himself in the position of being able to do only some job which a machine can do, will, however much we admire him personally, or however useful he may once have been, not be needed longer:

> He is no longer the man of the time! And it would be a disastrous social policy to attempt to shield him against the results of progress. . . The world will be better off when everything of a purely mechanical and routine nature is done by machinery and when there are no men left who are only capable

[1] In the *Quarterly Journal of Economics,* vol. XXII, p. 210 *et seq.*

[2] Any reference to it would involve pursuit through Marx and George as well as J. B. Clark, F. A. Walker, A. S. Johnson and many others. I cannot, however, refrain from quoting one paragraph from Mr. Carver's article which has an amusing relevance to what apparently has, by now, become an entirely orthodox belief among business men: that high wages make good customers and therefore are as desirable as high profits, that is, in the abstract:

"It may perhaps be argued that even though the gain from use of machinery seems to go first to the wealthy classes in the form of increased incomes, yet it eventually finds its way to the laborers through the expenditure of these incomes. This is an argument which figures in popular rather than scientific discussion. . . . But, it is a poor rule that will not work both ways! If an increase in the incomes of the capitalists works eventually to the advantage of the laborers through the expenditure of these incomes, it would seem also that increased incomes for the laborers would work eventually to the advantage of the capitalists. When the income is spent in purchasing goods, it does not matter who receives and who spends it. It goes to all those who get part of the price of the goods purchased; that is, to both capitalists and laborers."

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> of doing what machines might very well do. The process of eliminating this type of man, however, will be a painful process, accompanied by protests and by rebelliousness in spirit, if not in act. The obvious thing to do is to provide the best possible educational facilities, and in the broadest sense, in order that each succeeding generation of young men may have the fullest and freest possible opportunity for evading those occupations which are destined to be taken over by machines and of entering those occupations where the machine helps the man rather than competes with him. If such opportunities can be amply provided, it is to be hoped that the majority of each rising generation will be able to evade the conflict with the machine. But it is also probable that a certain number will not be able, for constitutional reasons, to avail themselves of these opportunities. Such individuals will be doomed to hardship for the simple reason that they will be useless, or almost useless, members of society. . . . They will then all have to be relegated to the scrap-heap instead of being paid the somewhat meagre wages which they now receive.

This is to state and to dismiss the problem rather than to make any attempt at solution. The suggestion concerning education is significant; that would in any case be necessary. But the avoidance of any imputation of social responsibility is notable. This, of course, allows everyone, including public officials, to escape doing anything. This was a period in American economics when, as the reader may have noticed, there was great faith in an "ameliorative trend", which, if it is actually in process, avoids the necessity for institutional reconstruction. It is difficult to know which came first in theorists' minds: the ameliorative trend or the desire to avoid reconstruction. At any rate the juxtaposition was a pleasant one. Even when Mr. Carver, reasoning from his data concerning incomes, concluded that workers as a class were progressively sharing less generously than the capitalists, he could discover compensations: under the machine process, their work "is growing lighter, more dignified, more human".

This last, in spite of a suspicion that it was a thought evolved through a general trust in the "ameliorative trend", rather than an examination of the relevant facts, may quite well be

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true. Mr. Carver suggests, as some others have, that machinery can thinkably do *all* work which is *work*. There are those who feel that this happy millennium will not be brought about very quickly by any system in which free enterprise is the principle of organization. Meanwhile workers may or may not be better off as machine-tenders than they were as craftsmen. It is hard to get evidence. We may cite M. Dubreuil,[1] and Mr. H. S. Dennison, an extremely enlightened employer,[2] on the one side; but on the other there are plenty of fulminations in the official records of the American Federation of Labor which would lead one to believe that even the skilled workers are sufficiently bitter about the contemporary situation.

[1] "It is idle to state that what might be called the manual talent of the workman has been affected in any way [by Taylorism]; when he is sufficiently the master of his trade to be capable of doing original work, the workman is above Taylorism . . . because it has merely changed the plane of his activity. It is no longer the expert guiding the inexpert hand, but the method guiding the brain. . . ." *Robots or Men*, p. 92. There are numerous similar assertions in M. Dubreuil's book. He, however, was a skilled lathe-tender, one trade which is more in demand than ever.

[2] "That continuing mechanization will entirely displace skill in workmanship is a fear very commonly expressed. It is obvious that mechanization in common with other process-changes replaces skill, but the argument that it displaces skill is to me unconvincing. When a new process is introduced it uses 'unskilled labor', of course, because there is no labor skilled in its methods. We hear much about the ease with which men can be trained to it, but the only standard of skill they have to go by is low. None of the subtleties of touch, of eye and ear which come with familiarity can be even suspected; only after the new process has been going on for some years do their possibilities show up. Yet on every job of machine tending I know anything about, they do sooner or later appear, so that the older hand at the job five times in six can make a decided showing both in quantity and quality over the green one.

"There are assembly lines in which the skill of the fifth week is the skill of the fifth year. But thirty years ago there were pick-and-shovel men and tampers who made no progress after their muscles got hardened and their hands calloused. I know, however, of one assembly line at least which has gained a knack and a rhythm which gives it marked team skill. As we settle down into the newer processes there will be more of the like. Considering the capital value of many new machines, and the intricacy and delicacy of many of the new processes, I can see no reason to believe that the assortment of skilled and unskilled jobs within the factory will be materially different from what it has been in those periods in the past when rates of change have been similar to those of today. Counting both within the factory and without, it is more than probable that mechanization is bringing more skills than it is taking away." *American Economic Review*, vol. XX, pp. 142-3 (Supplement, March, 1930).

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Commentators seem to be not wholly in agreement. Allowance has to be made for the passage of time: Mr. Carver was writing in 1908. That he discussed the problem at all was somewhat remarkable. It may be that he was moved to it by socialist criticisms. This was a time when socialism was ideologically and numerically much more important than it is at present in the United States; and nearly all economists were being forced to orient themselves with respect to it. Certainly Mr. Carver never neglected an opportunity to express himself freely and fully, sometimes in the most unexpected places. The socialists had always contended that the capitalists were creating a proletariat, and that machinery had its part in that process. No orthodox economist could afford at that time to concede very much, especially the possibility that the unemployed might be growing in numbers, or, if he did, he must show some weightier gain on the other side. While, therefore, we may eventually discover machinery to have been a friend of man, when man has learned to fit it into a suitable institutional framework, it is still not clear that much perspicacity can be attributed to economists who were certain that things were getting better and better.

Mr. F. W. Taussig gave the matter much less attention, perhaps because he had fewer fears of socialism. In his *Principles of Economics*[1] he states the common argument that "The cheapening of a commodity may mean an increase in demand such that the total sum spent on it may be as great as before, even greater than before." He says, however, that it is inappropriate to extend this argument to include the common effect of labor-saving appliances. His view is that everything depends on the elasticity of demand for that particular commodity.[2] In another passage also[3] he speaks of the futility of expecting anything but a loose conformity to "long-run tendencies". He feels, however, that there is as good

[1] Vol. II, p. 196.

[2] Mr. Carver had made this point previously, as did also Bowen. Its obvious relevance to the problem of getting a market large enough to absorb the products of large-scale processes has caused many economists to center on it as the greatest issue involved.

[3] *Ibid.*, p. 338.

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reason for believing that forces at large in the economic world will work toward elimination of unemployment as toward its increase according to the Marxian formula. "There are abundant causes for its being a continuing phenomenon", of course; these are of the general nature of inevitable gaps between one employment and another. Still, on the whole, the trend of things is toward betterment.

If, however, we examine theory which is strictly contemporary, there is a noticeable change. The problem has ceased to be an academic one, so to speak, and has become an overwhelming demand for policy-making. What is to be done, is insistently asked. And exploration of a quantitative sort has actually begun.[1]

This intensified exploration is certain to have almost immediate results; perhaps it will not be the worse for having taken place in the skeptical atmosphere of the thirties. There will not, at present, be the slightest danger of bias because of a predisposition to trust the ameliorative trend; of this, at least, we may be very sure.

XI

The direction being taken by quantitative exploration is in itself interesting. It has to do largely with the discovery of what actually happens to displaced individuals. Such research is bound to be slow; and generalizations from it will be a long time in preparing.[2] But it is not too soon to say that

[1] See "Unemployment and Technical Progress in Commercial Printing", by Elizabeth F. Baker, *The American Economic Review*, vol. XX, pp. 442-67, September, 1930; and also Mrs. Baker's discussion of Mr. Dennison's views in *The American Economic Review*, vol. XV, Supplement, p. 177, March, 1930. Mrs. Baker found, in this particular industry, a remarkably small number of direct and permanent displacements of men by machines. Numerous special conditions were, however, responsible. Curiously enough, she concludes that there seemed to be considerable unemployment traceable to the process we are learning to call rationalization, taken as a whole. But we should include that here in our term "obsolescence". For old business forms may become obsolete as well as processes, tools—or men.

[2] Aside from Mrs. Baker's study, already referred to, there are a number of others: Isador Rubin, "The Absorption of the Unemployed by American Industry", Brookings Institution, 1929; R. J. Myers, "Occupational Readjustment of Displaced Skilled Workmen", *Journal of Political Economy*, vol.

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these quantitative studies show replacement to be delayed in a large percentage of cases, and in a yet undetermined percentage made permanently so difficult as to be nearly impossible. In many cases the new work is less desirable; in some it is obviously a waste of once valuable talents; and in others it cannot be found at all. All these are instances which reveal the problem of occupational obsolescence. Where there is not actual unemployability involved, there is (1) a temporary gap of greater or less length between jobs, (2) a gradual and unwilling readjustment to new conditions of skilled work, or (3) a despairing acceptance of reduction to the unskilled level. The facts already revealed do show, at all events, that we are dealing with a delicate set of human and environmental relations which need careful and painstaking treatment on an individual basis. This will, of course, have to be done as a public service. Once a business is rid of a man, only society can care what his further history may be; the business has no further interest to protect. Perhaps it may be noted, also, that "unemployment" is not an accurate descriptive term. Even those who are actually employed may have been degraded; their case may, in some instances, be as bad or worse than that of a low-grade worker who has no job at all and has to come to depend altogether on charity.

Aside from this quantitative work, the greatest single effort to explore the whole field being dealt with here has been made by Mr. Paul H. Douglas.[1] In the latter part of this article, after surveying the results of quantitative study up to the present, he suggests a scheme of action to reduce the losses from temporary unemployment.[2] Under this scheme there are the following heads: (1) "The forecasting, by competent organizations of the industries and trades in which a displace-

XXXVII, pp. 473-89, August, 1929; George E. Barnett, "Machinery and Labor", *Quarterly Journal of Economics*, vol. XXXIX, May, August and November, 1925; a yet unfinished study by Ewan Clague at the Yale Institute of Human Relations.

[1] In an article called "Technological Unemployment", in *The American Federationist* for August, 1930.

[2] Having already shown to his own satisfaction that permanent unemployment is impossible, a point to which I shall presently return.

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ment of labor is most likely to occur";[1] (2) "The planning and scheduling by management of technological change with a view to reducing the displacement of labor"; (3) "in industries which are affected by the public interest, such as railroads, etc., mergers and consolidations might be permitted only on condition that men whose services were otherwise satisfactory should not, because of this fact, be dropped from the payrolls"; (4) "an efficient system of public employment offices should be provided"; (5) "the revamping of our systems of vocational training so that juveniles who are being trained may be given some preparation which will fit them for alternate industries and displaced adults prepared for new lines of work"; (6) "the payment of a dismissal wage for those who are forced out of employment by such changes is also distinctly useful."

In this list of suggestions there is nothing novel. It is really a compilation of the ideas of a number of people who have tried to see how something could be done without startling innovations in contemporary business practice. Perhaps its most notable feature is that all dependence on governmental action is avoided, except the minor and harmless one of employment offices. This, indeed, would be sufficient if Mr. Douglas were correct in his thesis that the problem is purely a temporary one of bridging gaps between jobs. It is in this that I believe the serious error lies, just as in the arguments of the other economists to whose work reference has been made. If it were true that the institutions of business functioned in such a way that the economist's formula were really permitted to operate, the problem would be one of securing immediate

[1] Such a task, Mr. Douglas says, may seem at first impossible. "But if we knew (a) what were the probable elasticities of demand through time for various commodities, and (b) what were the chief impending technical changes in various industries, it would be possible to estimate roughly the fraction of workers, if any, who would probably be displaced in the course of a decade." In a footnote reference is made to the invention of a method for measuring these elasticities. The importance of this is obvious from the numerous references by other economists to elasticity of demand as a determinant of the expansive power of industries and their consequent increased offerings of opportunities for work. The use of the device has just begun, says Mr. Douglas. His results will be eagerly awaited.

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individual adjustments and would require no more drastic reorganization. But if it is true that our institutions function in some such a way as I have outlined, something more is required.

Let us see to what conclusion Mr. Douglas comes as a result of his consideration of the formula:

> . . . . The displacement of workers from their former occupations because of technological changes will be greater: (1) The less the quantity demanded of a commodity increases with a given reduction in price per unit; (2) the less the proportion which labor costs form of the total expenditures; (3) the less the degree to which a reduction in costs will reduce price; and (4) the less the importance of the operation to the whole industry.
>
> In other words, therefore, the amount of displacement from former to other jobs will vary inversely with the elasticity of demand, the importance of labor in the final product, the degree of competition, and the relative importance of the operation or operations primarily affected by the technical changes.
>
> In any event, however, employment opportunities are being built up elsewhere which will ultimately be adequate to provide for an added number of workers equal to those who under such conditions may have been eliminated from any given industry.
>
> In the long run, therefore, the improved machinery and greater efficiency of management do not throw workers permanently out of employment nor create permanent technological unemployment. Instead they raise the national income and enable the level of earnings and of individual incomes to rise.

This, of course, is directly antithetical to the conclusion from the reasoning used here. I should say that more and more workers are being thrown out of employment and that the permanent group of unemployed is increasing in size, though this is only a part of the difficulty. A difference of opinion so deep as this must arise from faulty reasoning on one or the other side. Mr. Douglas' assumptions have, therefore, been examined with the deepest interest. One possible difference derives from thinking of unemployment in absolute terms, whereas any forced readjustment which is less satisfactory to

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the individual would seem to be a part of the problem. This is one reason why it seems preferable to talk about occupational obsolescence rather than technological unemployment. Another difficulty seems to arise from an acceptance of the classic assumptions, and of reasoning from them without bringing modern experience to bear. If that had been done Mr. Douglas would have seen, for instance, that there is a great deal more to be said concerning the translation of lowered costs into lowered prices. He discusses this problem but goes no further than to say that even if prices do not fall but are reserved as profits,

> The employers would then have the familiar choice of spending their added profits for luxuries or of investing them. In either case they would increase the demand for the commodities upon which the added dollars were expended, and would draw an additional quantity of labor into these occupations which would be sufficient to absorb those who were temporarily pushed out. . .

This is the sort of reasoning which was used by all the earlier economists and which enabled them to reach similarly optimistic results. It is just as difficult to accept Mr. Douglas' conclusion as it was to accept theirs, and for the same reason. This makes a great difference to policy. If we say that a growth of permanent unemployment or an increase, even, of employed persons who have been degraded, results from present arrangements, we are forced to conclude that the arrangements ought to be scrutinized very carefully. But if we only say that there is a larger body of temporarily unemployed, we need no institutional change, but only some minor mechanisms for assisting in transfer from one job to another and for interim assistance. It is fundamentally necessary, therefore, to arrive at a correct theory on which policy may be founded. It is doubtless well enough to do all that Mr. Douglas suggests we ought to do to relieve the temporarily distressed; but it may turn out to be necessary to do much more than that, once our theory is finally shaped by repeated examination of relevant facts.

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XII

There is no cure for that obsolescence which is traceable to technical change and to more efficient arrangements. The outmoding of skills and knowledges will persist in a varied series of proportions to industrial improvements. It is impossible to prevent change; and it would be undesirable to do so; for whatever good things we possess are sorted out of changes —those which seem to us progress. A process, however, which becomes obsolescent is discontinued; and a machine, in similar circumstances, is junked. So far, Americans apparently have agreed that men—the possessors of unique capabilities—need not even be considered to the extent of careful junking. Yet that is exactly what must be done. We cannot make a new place for the old skill; but we can survey the other potentialities of the human being—that is, we could if that appeared sufficiently worth while, and did not run counter to some of our other notions. Those economists are quite correct who set this down as something we can do immediately and quite regardless of what else we find overselves willing to advocate.

But if we look at this as something other than a humanitarian enterprise, we shall ask that the resulting contribution of reconstructed or re-situated individuals shall be a real one. More than that, the returns from it ought to be greater than the costs. Otherwise the proper procedure, from the social point of view, would be to pension them off or to provide free institutionalization—anything to unclog the productive processes and at the same time to perform our duty to the displaced. For Perry was at least right in saying that our duty is concerned with income, even more than with the job. We do not reproach the efficiency movement because it deprives someone of a specific chance to work—he could always do some amateur job which he happened to like,—but because it deprives that individual of income. And the remedy is not only to find him work again at any cost, though we should make every reasonable effort to do so, but to provide against his indigence. If it is impossible for him to refit himself—as it may be in many cases—that should not attach a stigma to his

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particular case. On the contrary he has suffered an entirely honorable wound, and if rehabilitation is not possible, permanent support ought at least to be provided. This we cannot do at any small cost. But we can do it at smaller cost than is involved in present procedure; the incidence would not be the same, but it would certainly not be met in the ways we meet it now; the sacrifice of health, for the worker and his family, of opportunities for his children, and the like. It must always be remembered that there is a presumption of a gain having been made somewhere. A fund of certain size cannot be lacking for his support; it must simply have gone elsewhere in the distribution of the net gains from the sale of the products he helped to make. It seems legitimate to ask whether distribution of the gains might not be prevented until whatever deduction is necessary can be made.[1]

[1] It is not intended to imply that this fund will be, in individual instances of the injection of cost-saving improvements, large enough to pay the displaced worker's former full wage. This would be to imply that the efficiency-device had succeeded in reducing costs by the full former wage plus all the costs attributable to the new device. This may or may not have happened. The vast growth of our national income, and the relatively small increase of actual indigence traceable to obsolescence of skill, would seem to indicate a plentiful source of funds, however, even for the full support of the injured. Efficiency has, *on the whole,* resulted in more than a small percentage of lowered costs. But it ought to be remembered that only when these gains cumulate, as parts of a complex process, does this become clear. Probably only when the area considered reaches over a whole industry, or a group of them, do gains become greater than the costs borne by workers. If this is true, the difficulty of throwing this burden of cost on any one unit ought to be obvious. There will be great and justified resistance to acceptance by individual concerns of the complete responsibility for unemployment protection for all the workers who happened to be dispossessed under their particular auspices; and any such assessment of responsibility would be absurd in the case of vanishing industries. A wider spread of responsibility is necessary. An interesting and very intricate problem of the incidence of costs is raised in these considerations which must be avoided here except for casual stating. How much, if costs were actually borne by industry, would unemployment be reduced? Would the whole burden of cost (in a social sense) be lowered so that the size of the responsibility would be much less if contrivance in this interest functioned as it did in the case of accident-prevention when workmen's compensation acts became general? The two cases are far from analogous, but certainly some considerable reduction might be anticipated. For that part of the costs which no available ingenuity could avoid, how would it be divided among functioning units? Would any insurance scheme succeed in discovering a source for the necessary tax which

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But in a system such as ours is, a number of complications arise which can by no means be overlooked. For instance, might it not injure the efficiency movement irreparably if any large part of the resulting gains were to be devoted to the uses of those who suffer the penalties? The management which introduced and made effective the new process or device did so in the hope of lowering costs. Fewer might be introduced if there were preliminary deductions of this sort to be made. That is possible; but it is also possible to answer to this that their reductions of cost in the first instance were illusory in any social sense. A gain was made; but a greater expense was added. If it became necessary to junk a machine which was carried on the books at a value apportioned to its probable life and usefulness, there would be considerable figuring to do, for the capital loss, if there were one, would fall on the same individuals who made the gains. And the profits expected would have to overbalance the probable losses before any change was undertaken. But to junk a worker's skill, which, while it is in use, is treated exactly as though it were one of the highly capitalized items, involves no losses at all to offset the gains. This is because all the losses can be made to fall on the worker and his family, and all the gains can be appropriated by his employers. It does not seem unreasonable to require that the skill of the worker be treated at least as well as that of a machine, and that separation from his job be counted as a capital cost to the employer. If certain changes were prevented, it would be only those which could not be shown to be really gains—that is, not gains in the social sense. And we should be better off for having prevented their occurrence.[1]

would not shift the burden into the price field and so avoid the really desirable compulsion on industry to improve its separation procedure? Many such questions arise which need further exploration.

[1] A theory of social insurance seems to be involved in this. But if the argument extended to this a supplemental set of facts would need to be examined. Is it possible, in all, or even in many instances, to allocate costs to units of industry? In those cases at least in which the improvements were widely applied or where they arose from some change which affected many industries, the incidence would be impossible to allocate. Even the obvious surface implications here would lead to a rational rejection of an insurance scheme limited to

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This is, of course, mere logic. The real situation of modern business does not lend itself to this kind of treatment. In reality the worker is thought of, and thinks of himself, as a corporation of one possessing a certain skill which he leases at an arranged rate to the various firms who make use of it, just as certain shoe-making or can-sealing machines are leased by their makers. He takes the same chance that these concerns take. And, it will be said, we can no more guarantee him against obsolescence than we can guarantee them a steady market. There is this difference, of course. They do not leave families unprotected in bad times; they do not get into the bread-lines and torment our consciences by their sufferings. Theoretically he ought not to, either. His wage ought to depreciate his obligations as their leasing-price does their capital so that its period of usefulness runs into surpluses. But most of the leases a worker can arrange are short—pitifully short. And the risk he takes of not being able ever to make another is large. It is questionable whether this is a true risk at all, in the same sense of being privately insurable. For that is our current theory — that American wages are sufficiently high so that we need none of the protective apparatus of other countries. Security is to be each individual's concern, for himself and his dependents.[1] To be sure we provide

one industry, or even, perhaps, to a state scheme in which the employer, the worker and the state were required to contribute to a fund. The only defensible kind of insurance will ultimately, I imagine, turn out to be that which is provided wholly by the state and paid out of taxes which come from general industrial surpluses. It is not intended here to discuss insurance in any specific way. It is not out of order, however, to suggest that, if insurance is opposed because of a fear of injury to progress in efficiency, the way out of this particular exigency is to generalize the burden—only making certain that it does not fall on the one invariably innocent party, the worker.

[1] Just as an illustration of the likeness of American contemporary thinking to that of Britain a hundred years ago, a passage from the *Town Laborer* (p. 218) is again in point:

"On this view of life it seemed specially important to avoid discouraging private industry and effort by removing the pressure of want. Society ought to do nothing for its members that the prudent man would do for himself, otherwise the motive to prudence would disappear, and men instead of acquiring property by self-denial would live on the public funds. Perhaps the most notable illustration of this spirit is the speech in which Brougham defended the

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certain free goods in violation of this principle, such as elementary schooling. But we do very little in the way of social insurance. We need to ask ourselves whether the worker's lease of his skill does not involve an uncertainty rather than a risk when it is left to him to provide; and whether it will become a true risk only if the base is made wider and all of us throw in together our chance of not losing the power to sell our goods and services.

XIII

The problem is not, we see, to discover whether technical gains create occupational obsolescence. We know that they do and will continue to create it. In a sense we want them to. But we need to discover how these gains can readily and quickly be put to social uses, so that the sacrifice shall not be in vain. It is the genius of our people to arrive at social instruments by numerous slow and muddling approaches—rather by trial than by reason; rather by feeling than by logic. It would not be difficult to elaborate a new economic structure; at least it has been done a good many times. It is still less difficult to convict our present system of waste, irresponsibility and ineffectiveness in achieving its purposes. That has been done even more times. It is quite another matter to get anything done about it except in periods of crisis. We are suspicious of systems.

These traits of ours are as much a condition to be faced by

Poor Law in the House of Lords: a speech in which social imagination touches its lowest temperature. Applying this canon of the prudent man, Brougham argued that the only evils against which society should protect people were those the prudent man could not foresee; he could foresee old age, illness, unemployment; against these he should make provision. On the other hand, society might help him in the case of accidents and violent diseases. It is difficult, when one reads this speech, to remember that the prudent man who happened to be a hand-loom weaver in Lancashire was earning a good deal less than ten shillings a week. It is perhaps still stranger to remember that no small proportion of the class that thought all this the wisdom of Solon were living on the public funds." We seem to have followed pretty closely Lord Brougham's formula; is not our sole widespread concession to the principle of social insurance our Workmen's Compensation Acts against accidents? And what is the official attitude of the American Federation of Labor toward unemployment insurance?

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the advocate of change as are the other institutional conditions which have to be taken into account. We shall not get far in any advocacy of revolution. We shall have to work with an intimate knowledge of the historical spirit of the English institutions which we inherit. Those conservatives are often right who view those of us who are disposed to look for change as social enemies. We usually do want to travel too fast. We forget the deepest commitment of all, which is to democracy—meaning that none of us can go farther or faster than a majority of us are willing to go. This does not mean, nor has it ever meant in our history, that vested interests shall prevent progress. It does mean, however, that a massive conviction of rightness must be built up behind our proposals —that, even before they are put to the touch, our experiments shall as nearly as may be have ceased to be experiments at all.

Those of us who dislike many or most of the features of modern business have quite another task before us than the one which is undertaken most willingly. It is possible that intellectual processes proceed by a prior admission of criticism. But we are much too willing to linger there and say over and over again, in our small convinced circles, what everyone has previously admitted, that things are bad and even desperate, and that something must be done. Or perhaps we take the long leap from this to some ideal conception of rearrangement. We forget that the function of social ideals is a real but limited one. And that reiteration of even the best of these is apt to raise more questions than it settles.

The question we are discussing here seems to me to illustrate beautifully the reformer's shortcomings. We argue frequently as though it were a strictly contemporary problem, thus exposing our ignorance of history. We convict society of grave inefficiency and of injustice, implying a callousness to human suffering which we would know, if we stopped to think, that the worst Tory of us all does not possess. We picture an ideal situation—drawing either on the experience of primitive communities or of Utopias, both largely imaginary—in which unemployment does not exist. This is perhaps worst of all, for if, in the premises, we have linked unemployment to instru-

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mental obsolescence, we are perforce committed to an absolute of static institutions. But we go further than this, and display the fault in our logic by offering as the most promising proposals such remedies as the shortened workday, unemployment reserve funds of various kinds, labor exchanges, the provision of more or less useless work, or at an extreme, social insurance. Either we are going to have unemployment or we are not. If we are not we need no meliorative schemes. If we are, of course, we need practical ones such as these. But searchers after Utopia ought not to argue for them.

The kind of deprivation of work we are discussing is, by definition, confined to the employable—persons who not only can work but who have either lately been doing so or had a legitimate expectation of immediate engagement. If we have taken their jobs away from them, doubtless—on the assumption that income is rightfully attached to jobs, a problem we evade—we are involved in some sort of obligation. But here we confront some nice questions concerning differences which are usually overlooked. There is, for instance, a difference between a printer who has been superseded by a mechanical contrivance, and a lad graduating from his schooling who must find some sort of work. And nothing is accomplished by lumping. A selective examination might show those industries which have the strongest labor movements, with a considerable development of apprenticeship, to be least subject to disaster from sudden dislocation. Because changes infrequently occur overnight, they can, to some extent, be anticipated. Entering apprentices can be stopped and the damage to acquired skill can be limited. Perhaps the readiest and most practical limitation on technological displacement lies in developing labor mechanisms as they have grown into the printing trades. Such devices, however, are never imposed and perhaps they are never initiated by advice. They come out of long-prepared situations, and at best, they affect the situation which causes us concern in only a partial way. They can prevent a good deal of displacement, but they offer no positive hope for enlargement of opportunity. For this greater need we are always thrown back upon general considerations.

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The economist's formula, conceived in modern terms, offers the best hope of escape from the dilemma in which we are caught: how to have increased production with the benefit of a spreading efficiency and to escape from its incidental result of human distress. Nothing less than a series of modifications of our social institutions will suffice.

To make the formula work, what would be required? If our brief analysis has been at all correct in its essentials, the logic of reform is at least clear, however many practical modifications may be called for. The transformation of lowered costs into reduced prices must be direct and certain. Only in this way can consumer's purchasing power be really enlarged. Demands must somehow be regularized and steadied so that the continuity of operations can be maintained. There must be a vast enlargement and revision of educational devices guided by the requirements of modern technology. And, besides, there must be the provisions we are familiar with, from European practice, of insurance and employment exchanges, since a minimum of workers will always be in the process of change. If we are willing to undertake these tasks the process we are in the midst of can be made to become what most of us would call progress.

Two clearly visible kinds of control would be necessary to the first of these requirements: of prices to ensure some relationship with costs; of capital allocation to prevent under- and over-commitments to physical plant. And it is not illogical to suggest the feasibility of generalizing the liquid reserves each business maintains at present into fewer consolidated ones, treating each industry as a whole as the banking industry is now treated. In all this it is relevant to suggest that we have much to learn from the Russians. It will be protested that such controls are alien to the spirit of our common law, to the habit of enterprise in which we have had long training, and to institutions informed with standards of life which are the envy of the world. Part of this I should grant, but not all. I have already confessed a certain faith in common-law institutions and a belief that their spirit, if not our contemporary interpretation, could be widened to include whatever controls

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are necessary for securing the ancient objects of economic pursuit. It is, perhaps unfortunate that our constitutions were written in the period of transition from mercantilism to *laissez-faire*. If it is true, as Mr. Justice Holmes once remarked, that they did not enact Mr. Herbert Spencer's *Social Statics*, it is equally true that they did enact Mr. Adam Smith's principles of free enterprise (which amounts nearly to the same thing)—and not altogether in a figurative sense. Even so, it is probably not exaggerated to say that they need be stretched no further in a new direction than they have consistently been stretched in another, to permit us all the latitude we shall need for the new era of control. It is not the purpose here to point out in detail how this may occur. But I cannot refrain from remarking that a mere extension of common-law controls as they were being extended down to the war, in a series of decisions beginning with *Munn v. Illinois* and ending with the German Alliance Insurance case, would go a long way to reëstablish our direction. To decide that one after another our integrated industries have clothed themselves with the public interest and must consequently assume the appurtenant responsibilities and submit to such regulations as the legislatures may prescribe, is a movement we seemed on the verge of until twenty years ago. At any time Supreme Court construction may set us on the way again. It seems not at all unlikely that this, or some similar, evolutionary process will bring us, after a certain time, to the point where planning and consequent controlling seem normal and ordinary features of economic life. This is doubtless not so satisfactory to the rational faculty as revolution and rebeginning on the Russian model. But perhaps if we come to it by persuasion and a gradual conviction of its rightness, we shall escape certain of the deplorable coercive features of Russian practice. This double result would be worth waiting for.

XIV

The system of relationships in which occupational obsolescence occurs is a complex which society has excellent reasons for preserving as a whole. We have at least succeeded in

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achieving with it whatever economic victories we have to record. Those features of it which we disparage—and one of them is here under discussion—are to be met as problems not requiring necessarily that the whole system shall be abandoned but that the logic of the system itself shall be understood; the question needs to be raised whether our desires might not also be met by hastening the accomplishment of its ultimate tendencies and aims.

To strip the framework of our industrial philosophy bare so that its essential relationships are exposed and its irrelevancies deleted is no easy task, since the system of ideas itself has grown by accretion. To do this it would be necessary to distinguish what has been cleverly added by a succession of economic and legal apologists and what genuinely pertains to its essential ethic. This whole task is too great a one to be essayed here. But if we only make a beginning the contrasts come out clearly enough. Delete, for instance, the natural rights doctrine as applied to management, refuse to extend the doctrine to those commodities we call producers' goods, and vest these rights in the community instead of the community's fictitious creature, the corporation. No more than this is needed to change quite radically the basis of responsibility in economic affairs. The conspicuous failure of industrialism is not in what we ordinarily call technique, but in the wider field of strategy. We are apt to overemphasize technical successes and to measure them by the wrong standards. If we ask ourselves what might reasonably have been expected under slightly different ideological circumstances but with the same technical equipment, we can think of as many failures as successes.

We have contracted the fatal habit, in recent years, of praising ourselves too much, of keeping a single eye on our virtues, of hoping that our sins would not be noticed. This psychological process, however, alters no institutions; it does not, for instance, prevent those recurring debacles we call depressions. Perhaps the fact that we give the phenomena associated with this phase of industrial life a psychological name serves in part to hide its true nature. Industry is never

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" depressed". There are times when fewer or more of its parts function badly; and these times occur *because it is badly planned and run.* Even at its best, also, there are certain phenomena associated with it which are indefensible. And these also are *because it is badly planned and run.* No other reason can legitimately be assigned; particularly, the cause lies in no " natural laws " beyond our control. What we need to do is not to ask ourselves why industrial institutions operate in some respects so well, but why they operate, in some others, so ineffectively.

If we approach the matter in this way it is possible to discover—what, somehow, we must discover—how we can preserve the good features and get rid of the bad ones. Here, it seems to me, at least, that luck is with us. For what we need to do, to intensify and strengthen the gains we have already begun to make, is precisely what we need to do, also, to eliminate those features which now are so distressing and which have led some of us to conclude too hastily that the malady is incurable save by the surgery of revolution or by abandonment and going back to a medieval structure.

I have been much interested in some of the recent conclusions of a distinguished military critic concerning the efficiency with which war operations were carried on from 1914 to 1918.[1] " Military technique ", he exclaims, " how competent in peace to gain war; how impotent in war to gain victory." The thinking of military leaders is apparently directed rather toward preserving war than toward carrying it on effectively. I wonder whether there is not almost an exact analogy in industry. Our technique is used not for its intended purpose but for quite another one: not to furnish us an efficiently functioning system; but to establish conditions in which business-men shall dominate regardless of the costs to everyone else. The strange thing is the genuine enthusiasm with which so many of us support the conspiracy.

It is not required that we repudiate all our customary economic instruments, only those which act as impediments to progress. The logic of machines, power, the devices of plan-

[1] Captain B. H. Liddell Hart, *The Real War, 1914-1918.*

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ning, is that these shall substitute themselves for labor; this tendency has been apparent for a long time. Emphasis on the problems of unemployment, as such, would check the progress of this development. But if we accept the obsolescence of occupations as something which it is desirable to encourage in the interest of social gains, unemployment becomes another sort of problem, to be met in very different ways. In any new régime in which machines and power play a greater rôle than they do even today, men will not have become useless; but the nature of their tasks will have changed. It is man's destiny to perform those functions which machines can never do—the thinking and contriving ones. We shall be on the way to that destiny for a very long time, with various ups and downs during the transition. Our task is the double one of speeding the process and of taking precautions meanwhile against unnecessary personal and family loss and suffering. We are not excused from these duties in any case; and ways will somehow be found to meet them; they may be better or worse ways, but human revolt against intolerable conditions will insure some sort of action. If our characteristic institutions are not modified to meet these ever more insistent demands there is an alternative system already bidding forcefully for notice. The Communists claim the ability to go farther and faster with mechanization than a liberal-capitalistic régime can do; and to do it altogether in the interest of the working classes. No attention is paid, in that system, to the obstructive claims of obsolescent occupations; but full responsibility is accepted for national welfare (which includes training for required tasks as well as insurance against their passing). This challenge cannot be overlooked and must not be minimized. It will haunt us until we either match its achievements or succumb to its competitive power. And no reasonable defender of our institutions can ask for another sort of test for their approval than that they offer a higher standard of welfare than any other. At any rate no other test will ultimately prevail.

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THE ITALIAN CORPORATE STATE

WHEN, over five years ago, the Italian Government promulgated the law on the settlement of collective labor controversies,[1] interest in the Fascist attempt to find a solution for the labor problem was aroused abroad, and when, on April 21, 1927, the charter of labor was published, the daily press in all countries gave it considerable attention. Three years later, on April 21, 1930, Mussolini inaugurated the National Council of Corporations as the crowning measure in the realization of the syndicate structure. It is now time to enquire how the system is working in actual practice. Before we can do so, however, we must briefly summarize the theory that underlies the organization.

Three fundamental points distinguish Fascist syndicalism from all other labor doctrines: the acceptance of the capitalist class as socially productive; the outlawry of social warfare in favor of class collaboration; and the inclusion of the producers' organizations in the national state. The Fascists regard labor as a social duty. The property-holding class is responsible to the state for the efficient direction of production. The state is believed to be the expression of the nation and, hence, being superior to individuals, groups and classes, is entitled to discipline them. All citizens, whether manual workers, employers, artisans, intellectuals or artists, are grouped into syndicate associations. For every profession one organization, and only one, is legally recognized by the state. Employees of the state and of public utility enterprises may also form organizations with the express authorization of the government, but their associations cannot acquire legal personality. In bestowing legal recognition upon a syndicate the state takes over responsibility for it, and hence reserves the right of supervision and control which finds expression in the approval of statutes and budgets as well as in the appointment of syndicate officials. In economic production state intervention is limited to cases of

[1] Law of April 3, 1926, n. 566; *Gazzetta Ufficiale*, April 14, 1926, n. 87.

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inefficient management. Fascism repudiates the idea of democratic elections in favor of the principle of hierarchy.

All members of a given profession are represented by the officially recognized organization of that group. The syndicate is obliged to extend moral and material assistance to them and is encouraged to provide technical training for all represented. In return every member of the profession or trade concerned is obliged to pay an annual contribution to the syndicate. This does not mean that all those represented by a given syndicate are actually members of it. Membership carries with it the right of taking part in the direction of the policies of the organization, and since the syndicates are to form the cells of the national Fascist state, only persons of satisfactory political standing can be thus privileged. The law states that persons of other political beliefs may organize in extra-legal associations, but the privilege of representation and the right to draw up collective contracts are reserved to the legally recognized syndicates.

Within the professional group the syndicates of employers and of manual and intellectual workers are interconnected by so-called corporations, which are state organs entrusted with the study of national production. A corporation has the further task of promoting conciliation whenever a dispute arises between a syndicate of employers and a syndicate of workers on the interpretation of a collective contract, or when the two parties are unable to reach an agreement on new labor conditions. If the corporation fails to bring about a settlement, the case must be submitted to the labor court, from whose decision there is no appeal. The jury is composed of regular judges and of experts, the latter being chosen each time in accordance with the subject of the controversy. Decisions are rendered according to equity. Since the state in this manner claims to ensure justice between social classes, self-defense becomes unlawful and must be eliminated. Moreover, the process of production would thereby be arrested and the national competing power in the world market impaired. Hence strikes and lockouts are severely punished as social crimes.

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No syndicate may have any international affiliations, unless specifically authorized by the government. All international collaboration must be kept within the limits of technical coöperation. Within the state, however, the syndicates have the additional purpose of proposing candidates for Parliament. The government draws up the final list of delegates and the country, in a national plebiscite, approves or rejects the list. Fascism claims to achieve thereby a representation of the country that comes nearer to the modern structure of society: it expects to replace political by economic alignments.

In this article the theoretical consistency of this system will not be questioned, but we will attempt to show how the program is actually working in Italy. Employers, workers and intellectuals are organized into thirteen national confederations: six for the employers, six for the workers and office employees and one for the professionals and artists. The six confederations of employers and employees respectively correspond to the main branches of production: industry, agriculture, commerce, banking, inland transportation and maritime and aerial transportation.

The confederations have the task of coördinating and disciplining the activities of the subordinate associations by appointing the representatives of those organizations, approving their budgets or settling controversies between them. They are further called upon to propose candidates for the national Chamber of Deputies. The law stipulates that the president of a confederation shall be elected by a general assembly of all representatives of the organizations affiliated with the confederation. However, before his appointment becomes valid, the government must approve of it. In actual practice this clause holds true for the employers only. The statutes of the workers' confederations include a clause allowing the government, in case of need, to appoint a commissioner of its own who is to replace the president of the confederation. No such provision is found in the statutes of the employers' confederations. Moreover, even without resorting to this extraordinary measure, the government controls the confederations, since in reality it appoints the presidents of the employee confedera-

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tions without calling for proposals on the part of the workers or their representatives. In November, 1928, Mussolini removed Edmondo Rossoni, president of the general workers' confederation, and broke up the organization into its component parts. There is no doubt that the workers resented the removal of their leader, especially because whatever hope still existed for a class-conscious labor policy resided in him.

The president of a confederation is assisted by a directorate, which is an elected body of four members. Only in agreement with the directorate may he suspend or expel an organization from the confederation. In the latter case the association concerned loses its legal personality. Appeal is possible to the Ministry of Corporations. In important cases the president of the confederation may concentrate all power in his hands and suspend the directing board. The president alone is authorized to enter into contact with the government or with the high representatives of the Fascist party and only he may represent the confederation in international conferences.

Confederations are made up of regional associations, provincial unions and national federations. Regional associations are found only among the employers and are organized whenever the particular nature of the business calls for a regional rather than a national or provincial association.

A provincial union, the executive organ of a national confederation in a given province, is composed of all provincial and inter-provincial syndicates under the competence of the confederation. It is to further the diffusion of the principles of Fascist syndicalism, to encourage the study of local problems of production and labor and to draw up collective contracts for the subordinate associations, unless the right to establish their labor relations has been especially granted to these associations, in which case the provincial union is to assist and supervise them. Through the appointment of the secretary of the provincial union by the president of the confederation control is ensured to the latter association, while the organizations comprised in the provincial union are given representation by the directing board which is elected by the executives of all the syndicates in the province.

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While a provincial union is a territorial organization embodying all branches of production represented by the confederation, a national federation comprises all associations of a given sub-group of production in the entire country. Its representative, like the secretary of the provincial union, is appointed by the president of the confederation and must be approved by governmental decree. Aside from being entrusted with the study of problems of production in their particular branches, national federations have the task of providing for the professional, moral and national education of the workers and of promoting collaboration among the dependent organizations. National federations can conclude collective contracts only when such power has been especially granted to them by the superior confederation. In case of conflict between a provincial union and a national federation, the point of view of the latter must prevail.

The various associations which compose federations are divided into national, interprovincial and provincial syndicates, according to the necessities of the industry or trade. These syndicates, in turn, are made up of local organizations (see chart). A syndicate may be legally recognized whenever ten per cent of the workers engaged in a given kind of work are enrolled in the association, or, in case of the employers, when its members give work to at least ten per cent of the workers engaged in that industry. However, since an association is automatically recognized when a superior organization with which it is affiliated becomes a personality before the law, and since there is no provision limiting affiliation with a higher grade association to syndicates that include ten per cent of the workers in their particular branch, recognition is frequently extended also to syndicates with smaller membership.

The representative of a local syndicate is to be chosen by the general workers' assembly and then to be approved by the superior confederation. His appointment is proclaimed by governmental decree. The law provides that he must excel in technical skill and be of good moral reputation as well as irreproachable from the national, that is, political or Fascist, point of view. At present workers' assemblies are rarely con-

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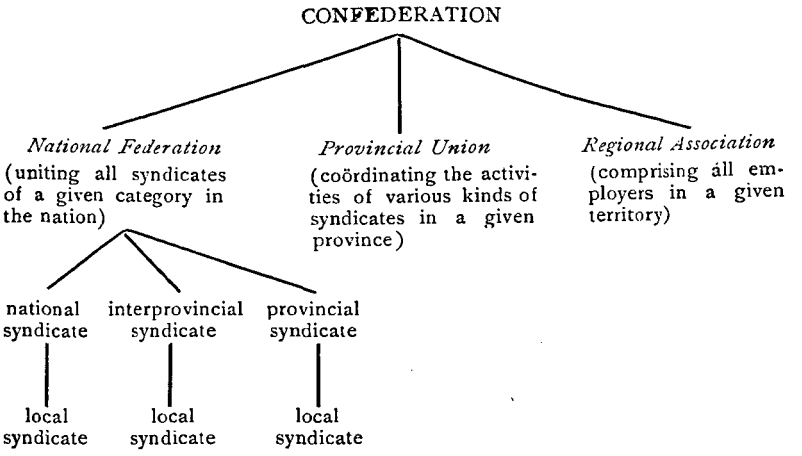

voked in Italy and the secretaries are directly appointed from above. While there was a time when it was hoped that the control of the government over these organizations would relax so as to permit free election of officers, these expectations are at present unfounded in fact. Two years ago the secretary-general of the Fascist party declared that "the problem consists . . . . in permeating the syndicate organizations with Fascist consciousness, and not in permeating the political organizations of the regime with syndicate consciousness".[1] He repeated the idea in 1930, on the very day that the National Council of Corporations was inaugurated on the Capitol in Rome:[2]

> What shall the party do with the syndicates? Watch out! It is possible that the day will come—and we shall be glad of it—when all these new institutions, all this activity which springs up, may have free development. We shall have no function of control to exercise because the spirit of the party will have permeated all elements of the economic and syndicate life of the country. . . But until that day the party will watch out for all movements of ideas with vigilant attention, animated by a single precept: i. e. the fundamental idea shall remain that the state shall really be an absolute and indivisible power.

[1] Introduction to a new edition of the *Charter of Labor*, April 1929.

[2] Article by Augusto Turati, April 21, 1930.

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In a recent article [1] the Minister of Corporations raises the claim that the stage in which Fascism and syndicalism have become identical has been reached at present and that therefore supervision of the syndicate activities by the party is no longer justified. This, however, only means that instead of the Fascist party, the Ministry of Corporations will see to it that revolutionary elements do not acquire any importance in the syndicates. The principle laid down by the Fascist Grand Council still holds true: . . . "No modification shall be undertaken in connection with the syndicate executives, whose election shall meet the exigencies of representation of the professional groups and the political exigencies of the regime." By advocating the dominance of political considerations in the appointment of syndicate officials, the Fascists have overthrown their entire program of a corporate state in which the producers' organizations are to be the directing force. Moreover, even the workers' associations have recognized this fact: "The syndicate officials must remain, as they are, Black Shirts, delegated by the party to direct the syndicates",[2] their newspaper states. Hence the problem must be conceived in different terms. Since the syndicate representatives are not to be persons who rise from the ranks and who are members of the profession they represent, officials must be trained for these positions. As a consequence a school for the training of syndicate executives was established in Genoa and inaugurated by the Minister of Corporations, who thus summarized the situation: ". . . what, in times of bitter and open political struggle, was for the honest an ideal vocation, and for the dishonest a lucrative business, now rises to the level and dignity of a profession. . ." [3]

It is obvious that under these circumstances the workers have a different attitude toward their syndicate associations than was the case when they could choose their own representatives. The advantages the Fascist syndicates present to

[1] Giuseppe Bottai, *L'Ordinamento corporativo, ordinamento politico, Critica Fascista,* February 1, 1931.

[2] *Il Lavoro d'Italia,* January 15, 1929.

[3] Speech of Giuseppe Bottai in the Chamber of Deputies, June 1, 1927.

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them at present lie chiefly in the field of social welfare. The *Patronato Nazionale,* now a semi-state institution, was founded in 1925 as a body attached to the general workers' confederation. Since that time it has steadily increased its activities. Its task is to assist the workers in case of accidents, to enforce the labor laws and to spread knowledge of social legislation into isolated districts. Central legal and medical offices are maintained by the *Patronato* with branches in the provincial cities, and unemployment subsidies are given out by the organization. In 1929, as a result of the activity of the *Patronato,* 100 million lire were paid by insurance companies in connection with industrial accidents and 22,500,000 lire in indemnities for agricultural accidents, 4,500,000 lire were spent on old-age pensions, 2,500,000 lire were distributed in pensions to invalids, and 1,500,000 lire were given to families whose breadwinners had died.[1]

Collaborating with the syndicates, although autonomous, is the *Dopolavoro* organization. It provides workers and their families with physical and intellectual recreational facilities after working hours. The sport and excursion section is the best developed, but the artistic sections, especially the philharmonic and the musical groups, have also met with wide success. Mutuals and coöperatives are affiliated with the *Dopolavoro.* Hygiene is promoted and propaganda spread for the beautifying of the home, for the production of inexpensive but good-looking furniture, for the home cultivation of flowers and fruits, etc. The *Dopolavoro* also offers some courses of professional instruction, but in the main activity in that field is left to the state and to the syndicate organizations. These, however, have taken almost no action along this line, so far. Participation in the activities of any of the groups requires a special contribution, but the fees are very small and out of proportion to the benefits entailed. Membership only in the *Dopolavoro* without participation in group activities entitles one to reduced fares on railroads and steamships up to thirty per cent, if the trip is undertaken in groups of five or more; it carries with it free use of libraries, lower subscrip-

[1] *I Problemi del Lavoro,* May 1, 1930.

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tion rates to newspapers and periodicals and a diminution in the entrance fees to theaters, movies and museums; it automatically includes insurance against any accident that may occur during the exercise of *Dopolavoro* activities, while a further benefit accrues from the fact that many physicians treat members of the *Dopolavoro* at reduced rates or even offer their services free of charge to the organization in the hope of establishing a reputation and gaining a clientèle. The popularity of the *Dopolavoro* can be judged from the increase in membership: in 1926, 115,485 persons were enrolled; in 1927, their number increased to 360,000; in 1928, 650,551 persons took out membership cards; and at the beginning of 1931 the organization counted 1,622,140 members.

In 1930 the so-called *Ispettorato Corporativo* was attached to the Ministry of Corporations. It is more than a continuation of the former Labor Inspection Department of the Ministry of National Economy. That body was charged with surveying working conditions mainly from the sanitary point of view. The new *Ispettorato* is to have the further task of supervising the application of collective contracts. However, since it has no power over the employers, there is considerable skepticism in Italy as to whether the new bureau will be able to enforce the collective contracts which at present are so frequently violated.

The advantages of these institutions are extended to all those belonging to the working class. In return every member of a profession or trade must pay to his syndicate an annual contribution, not to exceed one day's earnings, which is subtracted from his salary by the check-off system. In the case of the employer the annual quota is to correspond to one day's pay to his employees. In reality the sums fixed by the Ministry of Corporations as contributions exceed the compensation for one day's work for the employee and one day's labor expense for the employer. To these fees, to be paid by all those represented by the syndicate associations, must be added the dues of those who are actual members of the organizations (unless the constitution of the syndicate specifically prohibits the collection of additional contributions) and the quasi-compulsory

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subscription to the professional newspapers. In 1929, the total of compulsory syndicate contributions amounted to 255,618,974 lire; of this sum 185,409,410 lire were distributed among the thirteen confederations, 25,561,955 lire were assigned to the Ministry of Corporations, 24,096,904 lire were deposited in a fund established by law to guarantee collective contracts and 20,550,705 lire were turned over to various social welfare organizations.[1]

These expenses are all the more burdensome since wages in Italy are very low. The index computed for October, 1930, by the International Labor Office of the relative levels of real wages in large towns of different countries, shows that Italian wages, at 39, are even below those of Spain, while those of Germany are at 73 and those of the United States at 190. Although the index, which is based on expenditures for food, fuel, light and soap and takes Great Britain as a base, has been criticized as irrelevant because living conditions in various countries show a decided divergence, the figures are of value as crude indices; comparison of those computed in previous years for the cities of Rome and Milan shows that Italian wages have declined in relation to the world level as well as to the wage level in Italy in previous years. This conclusion is further borne out by the data in the Italian Statistical Yearbook of 1929 which records a decline of 5.7 per cent between May, 1925, and September, 1928, in the wages in eleven major industries; it is not invalidated by the slight increase in wages during the last year. An even more unfavorable picture of the situation is gained from an investigation based also on official Italian statistics and published at the end of 1929 by the International Federation of Trade Unions in Amsterdam. As compared with 1914 they find for 1928 an approximate reduction of 20 per cent in real wages in the metal industry. In the textile industry the average wages were 16.80 lire per day in the second half of 1921, while the cost-of-living index was at 522. In September, 1928, the cost-of-living index had risen to 529, while wages for workers in the wool industry had fallen to 14.80 lire and to 12.80 lire in the cotton industry.

[1] *I Problemi del Lavoro*, June 1, 1930.

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This corresponds to a reduction in real wages of 13.5 per cent and of 31 per cent respectively. In the building trades the average daily salary was 4.42 lire in 1914 and 26.40 lire in 1921 with the cost-of-living index at 100 and about 541 respectively. In September, 1928, wages amounted to 18.40 lire on the average, while the cost-of-living index stood at 529, a diminution in the real wage level of 22 per cent as compared with 1914 and of 32 per cent as compared with 1921. The wages paid to workers in the railroad construction industry passed from an average of 25.40 lire in 1921 to 20.80 lire in September, 1928, while the cost-of-living index had increased by 7 points in the same period, thus making for a reduction of about 30 per cent in the real income of the workers.

The anti-Fascists claim that this decline in the wage level is due in great part to the fact that the Fascist syndicates are controlled by the government. Membership in a legally recognized syndicate is permitted to any person of either sex over eighteen years of age, provided he is of satisfactory political standing. Those who profess political beliefs that do not coincide with Fascist principles are allowed—according to the law—to organize in extra-legal associations which, however, cannot represent the workers either before the state or in collective labor controversies. In reality it has been impossible even for the Catholic labor unions to carry on any independent activity, so that there are at present no syndicate associations except the Fascist ones. Of late an attempt has been made by a Catholic welfare organization, the *Azione Cattolica Italiana,* to gain closer contact with the working class through the establishment of workers' sections at the central and provincial seats of the organization. A Fascist labor newspaper took issue with them on the ground that such action indicated either of two things: that the Catholics considered the Fascist syndicates incapable of caring for the workers, or that they intended to undermine the legally recognized organizations; they added the warning that a *totalitarian* régime such as the Fascist one would not tolerate similar activities. To these reproaches the Pope answered in an

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open letter, declaring that there could be no conflict between Fascism and the Holy See, since the one is a secular and the other a spiritual power.

At present all workers are represented by Fascist organizations. The latest figures indicate that 1,187,828 employers are enrolled in their syndicates, while approximately 4,327,760 are represented by them; for the workers the figures show 3,093,005 members as against 8,222,548 persons represented by their respective organizations; the enrolled intellectuals number 75,790, whereas representation covers about 143,940; the civil service associations have 603,200 members, while they represent an approximate total of 2,000,000.[1]

Membership in a Fascist syndicate entitles a person to preference in employment over a non-member; however, even members of the labor organizations rank second to those who are enrolled in the Fascist party. This principle was endorsed by the charter of labor and acquired legal validity by the decree of March 29, 1928.[2] It is important in this connection to mention that entrance to the Fascist party has been closed since 1925 to all except the new generation. The Fascists wish to compensate their early supporters by this provision; its rigidity is, however, somewhat mitigated by the further clause that selection among the workers must be made from the technical point of view.[3] Any except government employment agencies are prohibited. An unemployed worker who neglects to enroll in the official agencies is subject to a fine up to 200 lire and if he takes work offered to him outside of the agency, he is fined 300 lire. In like manner an employer who does not announce a dismissal of workers is fined by from 50 to 200 lire for every employee laid off up to a maximum of 4,000 lire. Whenever he accepts laborers without the intervention of the official employment agency, he must pay a fine of from 50 to 300 lire for each workman thus employed, up to a limit of 3,000 lire.[4]

[1] *I Problemi del Lavoro,* March 1, 1930.

[2] *Royal Decree,* n. 100.

[3] *Charter of Labor,* article 24.

[4] *Royal Decree,* December 9, 1929.

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Only the members of a syndicate can attempt to influence its policies. Notwithstanding this, collective contracts which are concluded between legally recognized associations are binding on all those included in the territory and profession for which the agreement has been signed. In fact even members of the labor organizations have little voice in the formulation of labor contracts. At times, the government determines working conditions by decree and in all cases the Ministry of Corporations reserves to itself the right of approving the collective labor contracts. In 1928, when it was thought that the revaluation of the lira necessitated a decrease in wages, so-called inter-syndicate committees were organized all over Italy under the chairmanship of the local secretaries of the Fascist party. They had the official task of reducing wages by from ten to twenty per cent.

Subordination of syndicate officials to party secretaries even in labor matters is not surprising in view of the fact that all syndicate activities are supervised and controlled by the government, while the chief executives of the government are at the same time the leaders of the party. The law provides that in any case the local representatives of the corporations shall be subordinate to the prefect and can communicate with the Ministry of Corporations only through him. Moreover, the prefect has power to investigate the activities of the subordinate associations. Whenever the higher associations are not specifically entrusted with the supervision of their affiliated organizations—which, however, is always the case at present—the prefect takes over their duties. He may, in case the officers of an association fail to comply with the law, the constitution or the essential aims of the syndicate, provide for the accomplishment of the necessary work at the expense of the syndicate. The syndicates must submit their budgets, and all expenses exceeding by one-fifth the liabilities provided for in the budget, for approval to the competent governmental authority; so also all the regulations they issue. The competent minister may propose, and, in case of need, decree the revision of the constitution of a syndicate, and in special instances he may annul the decisions of the syndicates. In important cases the

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government may even revoke legal recognition of a syndicate, whereupon that association may not continue to function as an extra-legal organization.

In July, 1926, the Ministry of Corporations was created; in 1928 it began to discuss the National Council of Corporations, which was inaugurated in 1930. The Council of Corporations is composed of representatives of the six employers' and employees' confederations and a number of representatives of the confederation of the intellectuals and of the institutes affiliated or coöperating with the syndicates, such as the *Dopolavoro* and the coöperative enterprises. These persons hold their positions as members of the Council of Corporations so long as they remain in their positions. The same is true for the secretary-general of the Fascist party and the members of the government who are included in the Council. Their number is rather large: about twenty-five. In addition ten experts are appointed by the head of the government for a period of three years as regular members of the Council. The head of the government is the chairman of the Council and he alone may call the general assembly, unless the Minister of Corporations is empowered to do so with his consent.

The Council has the task of coördinating all syndicate activities and of adjusting disputes between the various groups in the interest of national production. It is to take charge of the official employment agencies. All matters relating to the legal recognition of new syndicates and to appeals from lower associations which have been expelled by the superior organization, are to be decided by the Council, rather than by the Ministry of Corporations as they have previously been. The most important task entrusted to the Council is the right to proclaim standards on labor relations which shall have the force of laws. However, such action is subject to the approval by the head of the government in every case and he, besides, may refuse his authorization for the publication of the regulations without which the standards have no legal validity. The position of the Council is therefore merely a consultative one. The activities of the National Council of Corporations are coördinated by the central corporate committee which is to make decisions

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in cases of emergency, when the Council is not in session. It is further to study the political effect of the work of the Council and "the moral aims of the corporate organization". The committee is convoked by the head of the government, who is its chairman, and includes the presidents of all national confederations and institutes connected with them, the secretary-general of the Fascist party and ten members of the government. The significance of the new Council of Corporations was expressed in these terms by the Minister of Corporations, when he introduced the project in the Italian Senate: "In the syndicate, in the corporation, in the National Council of Corporations the Fascist state has formed for itself the organs through which it can exercise its function of regulation upon the national economy. The new law, therefore, does not add any new economic function, but only disciplines and coördinates the existing organs."

The law entrusted the National Council of Corporations with the creation of the corporations. This was accomplished by the stipulation embodied in the decree of February 4, 1931, that the seven sections of the Council, which correspond to the seven main syndicate divisions, were to be transformed into corporations with tasks identical to the ones fulfilled by the former groups. In like manner the provincial corporations were formed by uniting the intersyndicate committees with the provincial councils of economy, which had been established in pre-Fascist days, and by giving the organization a new name. While no innovation was therefore made through the introduction of corporations, the corporate state is distinguished from other forms of economy by its definitely sanctioned right to interfere, in the interest of national production, in private enterprises. The charter of labor asserts, however, that "intervention of the state in economic production only takes place when private initiative is lacking or is insufficient, or when the political interests of the state are involved. Such intervention may assume the form of outside control, encouragement or direct management." [1] There have been instances when the state has availed itself of this clause, but they have been isolated

[1] *Charter of Labor*, article 9.

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ones, and it is believed that in most cases the action was undertaken from political motives. The only form of state intervention in industrial life that is more frequent, is the control the prefecture exercises over the employment of workers. Protests by the authorities against the dismissal of a number of men because of economic difficulties usually result in their reinstatement by the employer. In small enterprises it also happens that the dismissal of a laborer may be protested on the ground that he is an old member of the Fascist party, or the dismissal of another demanded because he professes anti-Fascist sympathies.

Government control over the syndicate structure is not restricted to official intervention; indirectly every organ in the complex system can be influenced, even the labor court. The "law on the dismissal of state employees" stipulates the right of the government to dismiss any judge who "places himself in a position which is incompatible with the general political tendencies of the government in or out of office".[1] It is evident that the government may make use of this article to exert pressure on the judges. In the few instances when disputes were submitted to the labor court, the decisions represented a compromise between the demands of the worker and those of the employers. Recently a controversy over the wages to be paid to the sailors has been before the labor court. This is the second time that the president of the confederation of sea and air workers has refused to accept the propositions of the shipping companies and has called for a decision by the labor court, since even the Ministry of Corporations was unable to adjust the dispute. When that same president handed in his resignation, although the case was still pending, the government appointed in his stead a syndicate official who, by his previous record, had given proof of his absolute obedience to suggestions by the government.

Action of the labor court can be invoked only in cases of collective labor controversies; individual labor disputes fall under the competence of the ordinary courts.[2] However, as

[1] *Gazzetta Ufficiale,* January 4, 1926, n. 2.

[2] *Royal Decree,* February 26, 1928, n. 471.

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the Fascist labor newspaper puts it, "While the number of controversies submitted to the examination of the courts increases continually, the number of magistrates is inadequate and the judicial expenses exceed the value of the cause so as to constitute an insuperable obstacle to legal action."

More directly controlled than the labor court is the national Chamber of Deputies. Eight hundred of the candidates are proposed by the syndicate associations and two hundred by certain other associations of cultural and charitable interests. From the list of one thousand candidates the Fascist Grand Council chooses 400 delegates, considering above all their standing as Fascists. The Grand Council may also include persons not proposed by the various associations in the list, if it regards them as especially worthy of representing the nation. The final list as decided upon by the Grand Council is submitted to the plebiscite of the people. All those paying syndicate contributions or at least one hundred lire in taxes, those receiving pensions from the state or public institutions and the priesthood are entitled to vote. Women are not included in their number. The electors will answer "yes" or "no" to the question on the voting paper: "Do you approve of the list of deputies designated by the Fascist Grand Council?" In case the list should be rejected by the voters, which the government has declared to be "an absurd idea," competing lists are drawn up by all associations having at least 5,000 members who are entitled to vote. One list may not contain more than three-fourths of the number of deputies to be elected. All those on the successful ticket shall be elected, while the remaining number of seats shall be divided proportionally among the candidates on the other lists.[1] At the plebiscite in March, 1929, some 8,519,559 persons voted "yes" and 135,761 persons "no". This represented about 90 per cent of the total number of persons qualified to vote. Out of a total population of 43 millions, 9,673,049 enjoy the franchise.

In view of the economic depression in Italy, which fostered discontent, these figures failed to impress the world as a correct picture of the sentiments of the people toward the government

[1] Electoral law of March 17, 1928, n. 1019.

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in power. There is much dissatisfaction among the workers over the attitude of the employers. Collective contracts not only frequently establish labor conditions inferior to those the socialists concluded in previous years, but in many cases they are not lived up to, as even members of the government have frequently pointed out. Minimum wages do not exist in Italy, the idea being rejected in the charter of labor: "Wages are not fixed according to any general standard. . ." [1] Unemployment is said to be high and many of those who do work are employed on a part-time basis. The official figures compiled by the *Cassa Nazionale per le Assicurazioni Sociali,* a semi-state insurance company, record 765,325 unemployed for February 1931, but this figure is admitted even by the government to be approximate.

The workers claim that the capitalist class is favored and the action of the government seems at times to prove that contention. When Rossoni was removed every one felt that the capitalists had won a victory to attain which they had struggled for years. Again, when the president of the confederation of sea and air workers handed in his resignation while the dispute over the wages of the sailors was not yet settled by the labor court, there was a general feeling that the government did not approve of his fierce struggle against the employers. Also, when the subject of workers' councils was discussed in Milan, and the labor representatives came to Rome with a resolution in favor of their introduction, Mussolini called a general meeting between industrialists and workers' representatives which ended with a unanimous decision against workers' councils. However, there was no doubt that the real decision had been made by Mussolini.

Still, at times the government refuses to accede to the demands of the capitalists. Although the agriculturalists of the North were the first to support Fascism, the so-called tax in workers was imposed upon them. This was originally a socialist measure providing that the land-owners be obliged to employ a certain number of men on their soil, to be determined by agricultural experts. In times of low agricultural activity

[1] *Charter of Labor,* art. 12.

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general improvements are compulsory. It is admitted by the representatives of the agricultural laborers that in frequent instances the tax in workers is uneconomical. It is easy to imagine the resentment of the employers and it may well be said that there is just as much class antagonism as there was in times of socialist supremacy, but it is not allowed to develop into an open struggle. Strikes are indeed rare in the agricultural as well as in the industrial field, but even the government recognizes that there is no genuine collaboration of classes and that the old struggle would spring up again as soon as free play was permitted to the socio-economic forces.

On the other hand, the entire syndicalist program and in particular the outlawry of social self-defense has been justified on the ground that thereby efficient production will be ensured and that Italy will be made a more active competitor in the international market. This hope has not been borne out for reasons which mainly lie outside of the syndicate realm. The depression under which Italian business is suffering is undoubtedly in part a reflection of the general world crisis, but there are purely Italian reasons which accentuate it, such as the stabilization of the lira at a high point and the consequent elevated price level. Diminution of consumption due also to the low wages, decline in export trade and reduction in the expenditures of tourists by about one third have been the result. Curtailed exportation and tourist trade in turn are responsible for the lower earnings of the merchant marine, which up to last year was also hard hit by the government prohibition of emigration. That restriction was particularly serious because in other times the income of the merchant marine and the remittances of Italian emigrants from abroad tended to offset the unfavorable trade balance.

These factors are of interest here only in so far as they explain the economic crisis in Italy, which has brought even the industrial class to criticize the government. It is felt that the absolute domination of politics over economic life is largely responsible for the difficult situation. This is true in the syndicate field as well as in the sphere of pure economics. The workers are included in the syndicates as far as the payment

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of contributions is concerned, but they are not actually vital elements of them. The entire structure is rather built on the passivity of the masses and for that reason can hardly form the basis of a new organization. Moreover, even the leaders of the Fascist party have declared that the syndicate organs are to be used by the state to *discipline* individuals, groups and classes.

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BRITISH ECONOMISTS AND THE EMPIRE I

IN the history of British imperialism economists have hitherto figured chiefly as skeptics—brakes on the chariot of expansion, critics who would sacrifice the imperial to the cosmopolitan ideal.[1] As they have always constituted an important section of British opinion their attitude is of some consequence, and a survey of economic writing with respect to the empire from the time of Adam Smith to the present should help us to determine how far and in what sense the prevailing idea is correct.

Economists have naturally considered the value of the existing empire and the wisdom of expansion from the standpoint of national wealth. They have also dealt with the broader question of the social and political utility of the empire. Both lines of thought will be followed here. To estimate the influence of economists on public policy, however, is beyond the scope of this inquiry, although we shall have to notice the connection from time to time.

I

As Beer and Cunningham have shown, the value of colonies to the mother country was a subject of discussion as early as the seventeenth century.[2] The question is thus much older than *laissez-faire*. Because perhaps of the statements of Adam Smith, we associate criticism of the old colonial system with opposition to colonies. The two are not, of course, inseparable, and there is reason to believe that even Adam Smith's remarks have been sometimes misinterpreted. The point is well illustrated in the case of Josiah Tucker, a contemporary of Adam Smith. Although a powerful opponent of trade

[1] This aspect is treated in Professor R. L. Schuyler's "The Rise of Anti-Imperialism in England" (POLITICAL SCIENCE QUARTERLY, vol. XXXVII, p. 440) and "The Climax of Anti-Imperialism in England" (*ibid.*, vol. XXXVI, p. 537) and in C. A. Bodelsen's *Studies in Mid-Victorian Imperialism.*

[2] G. L. Beer, *The Origins of the British Colonial System,* chs. ii and iii; W. Cunningham, *Growth of English Industry and Commerce* (1912), vol. II, p. 333.

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monopolies, Tucker did not become an avowed anti-colonialist until shortly before the outbreak of the American Revolution.

> In his earlier writings [says his biographer] he gives rules for maintaining satisfactory relations with the colonies. The reasonable implication is that he counts them beneficial, or, at least, that he is not opposed to them. But when the American controversy arises, he appears as the consistent opponent of distant colonies. The years had increased his aversion to war, and had led him to a belief that trade relations, fully as lucrative to the mother country, will exist in a given district, whether it is a colony or not; that costly wars must be fought for the infant colonies' sake; that emigrants leave the mother country and add to the population of the colony; and, finally, that the colony, in the natural evolution of its new life, inevitably seeks and obtains independence.[1]

As early as 1755 Tucker condemned the trade practices and the military system of the East India Company. Its forts, he said, were unnecessary because they had not been established for purposes of colonization and because they neither excluded French merchants nor were adequate to prevent the natives from trading with other countries. "If they are to awe and bridle the Natives it would be difficult to show, what Advantage can accrue to Trade by insulting and disobliging the people you trade with." "In short", he concluded, "the only use of Forts is *Perquisites, Jobbs,* and *Salaries.*"[2]

Although Tucker seems to have ended his career as an anti-imperialist in every sense of the word, extreme care must be used in applying the term to other economists of the period. As we shall see, a writer who opposes colonies may not be averse to other types of dependencies. Nor will he invariably condemn the use of military force in all circumstances either to acquire territorial possessions or to extend the field of commercial enterprise.

[1] W. E. Clark, *Josiah Tucker, Economist,* p. 184.

[2] *The Elements of Commerce and Theory of Taxes,* pp. 94-5. Professor Schuyler, in the article above referred to (POLITICAL SCIENCE QUARTERLY, vol. XXXVII, pp. 440-51) gives a detailed analysis of Tucker's opinion in regard to colonies.

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Shortly after Tucker began his attack on colonies, Adam Smith's great work appeared. Like the Bible, the *Wealth of Nations* lends itself to a variety of interpretations. The remarks on imperial questions certainly possess this delphic quality, and later economists have frequently made use of it to emphasize the statements which bear out their own views or to draw what seem to be unwarranted inferences. Adam Smith seldom announced a principle without subjecting it to qualifications; in fact it is sometimes hard to decide whether we are in the presence of a qualification or of a contradiction. For this reason it is not easy to state his views with the conciseness proper to a somewhat hackneyed subject.

There is some uncertainty as to Adam Smith's ethics of conquest, although on the balance they seem to have been those of an imperialist.

> The policy of Europe [he said] has very little to boast of . . . in the original establishment . . . of the colonies of America. Folly and injustice seem to have been the principles which presided over and directed the first project of establishing those colonies, the folly of hunting after gold and silver mines, and the injustice of coveting the possession of a country whose harmless natives, far from having ever injured the people of Europe, had received the first adventurers with every mark of kindness and hospitality.[1]

On the other hand, he held the art of war to be "the noblest of all arts", and the invention of firearms a boon to humanity. Firearms, he said, rendered "opulent and civilized" nations impregnable to "poor and barbarous" nations, thus favoring "the permanency and the extension of civilization." So while he deplored the "cruel destruction" of the natives which followed the conquest of Mexico and Peru, "we must acknowledge, I apprehend, that the Spanish creoles are in many respects superior to the ancient Indians." He had no sympathy with "barbarous and uncivilized nations" who interfered with trade. He reckoned the maintenance of fortified posts in West Africa among the proper expenditures of government. He

[1] *Wealth of Nations* (E. Cannan, ed.), vol. II, pp. 89-90.

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doubted, however, the necessity of establishing forts among the "mild and gentle people" of India.[1]

In dealing with Adam Smith's opinion of the value of dependencies it is necessary to distinguish between what he had to say of colonies—by which he usually meant the American colonies—and his remarks on other foreign possessions.

Adam Smith divided the benefits arising from the discovery and colonization of America into two classes: those which accrued to Europe in general, and those which the colonizing nations enjoyed or ought to enjoy. Europe, he said, had profited greatly from the settlement of the new world through the "increase of its enjoyments" and the "augmentation of its industry". The added benefits which the colonizing nations derived from it consisted in the colonial contributions to their military force and governmental revenues, and in the right to an exclusive trade with their colonies. The latter benefit, he sought to prove, was no benefit at all, yet it was the only one that England had been able to obtain. Far from receiving additional revenue from the colonies she actually bore part of the expense of governing them as well as the whole cost of their defense. "Under the present system of management, therefore, Great Britain derives nothing but loss from the dominion which she assumes over her colonies."[2] It was not that the colonies were valueless to Great Britain—for, as he said, "the natural good effects of the colony trade . . . more than counterbalance to Great Britain the bad effects of the monopoly, so that, monopoly and all together, that trade is not only advantageous, but greatly advantageous"[3]—but that the expenditures she made upon them were unnecessary. If it were objected that defense was necessary and since Britain profited so greatly from the colonies she ought to be willing to defend them, Adam Smith would have replied that money had been spent so far not to protect the colonies but to protect the monopoly of the colonial merchants. "Whatever expense Great Britain has hitherto laid out in maintaining this

[1] *Ibid.*, vol. II, pp. 191, 202, 223.

[2] *Ibid.*, vol. II, pp. 91-116.

[3] *Ibid.*, vol. II, p. 109.

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dependency", he said, "has really been laid out in order to support this monopoly."[1] He also apparently believed that England would continue to enjoy the colony trade even if her dominion were completely extinguished. It was one of his axioms that "the inconveniencies resulting from the possession of its colonies, every country has engrossed to itself completely. The advantages resulting from their trade it has been obliged to share with many other countries."[2]

The question therefore arose as to how England might divest herself of these burdens, and we now come to a passage which it seems impossible to interpret otherwise than as a pronouncement in favor of complete independence for the colonies.

> To propose that Great Britain should voluntarily give up all authority over the colonies . . . would be to propose such a measure as never was, and never will be adopted, by any nation in the world. . . If it was adopted, however, Great Britain would not only be immediately freed from the whole annual expense of the peace establishment of the colonies, but might settle with them such a treaty of commerce as would effectually secure to her a free trade, more advantageous to the great body of the people . . . than the monopoly which she at present enjoys. By thus parting good friends, the natural affection of the colonies to the mother country . . . would quickly revive. It might dispose them . . . to favor us in war as well as in trade, and instead of turbulent and factious subjects, to become our most faithful, affectionate, and generous allies.[3]

To Mr. W. A. S. Hewins, a modern economist, however,

> it is not clear that Adam Smith was contemplating the final and complete separation of the colonies. That would scarcely be a reasonable interpretation in view of his subsequent discussion of imperial federation. He was really arguing against the "dominion" of the mother country and the "monopoly" of the merchants.[4]

[1] *Ibid.*, vol. II, p. 115.

[2] *Ibid.*, vol. II, p. 127.

[3] *Ibid.*, vol. II, p. 116.

[4] "The Fiscal Policy of the Empire", *Times*, 5 June 1903, p. 14.

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The scheme of "imperial federation" Mr. Hewins refers to is Adam Smith's suggestion that England might induce the colonies to share the burden of imperial expense by offering them free trade with the home country and a representation in parliament proportioned to their fiscal contribution. In the present writer's opinion Adam Smith did "contemplate" the "final and complete separation" of the colonies, and proposed "federation" simply as an alternative. Mr. Hewins (whose views will be taken up again) is a staunch imperialist, and his argument clearly shows how the (apparently) most anti-imperialistic statements of Adam Smith can be quoted to the profit of imperialism. A legislative union involving free trade within the empire undoubtedly appealed to Adam Smith, and a recent writer, the late Professor J. S. Nicholson, went so far as to say that "economically his ideal was that the empire should furnish one immense internal market for the produce of every part of it." [1] In the absence of—and perhaps as a step toward—universal free trade, that may represent Adam Smith's view. He declared, however, that an unhampered trade with France "would be, at least, three times more advantageous than the boasted trade with our North American colonies." [2]

The argument concerning colonies apparently comes to this: Adam Smith wished to remove the disadvantages of the colonial connection, and as the latter (in his opinion) consisted entirely of disadvantages, it should either be completely dissolved or replaced by one profitable to the mother country as well as to the colonies. Which alternative he preferred remains obscure. He took pains to prove, however, that the substitution of a new bond of union was entirely feasible.[3]

While it would be difficult to prove from what Adam Smith says of colonies that he was either an imperialist or an anti-

[1] *A Project of Empire* (1909), preface, pp. x, xi. *Cf. Wealth of Nations*, vol. II, p. 421: If intra-imperial trade were free, "the British empire would . . . afford within itself an immense internal market for every part of the produce of all its different provinces."

[2] *Ibid.*, vol. I, p. 460.

[3] *Ibid.*, vol. II, pp. 121-24.

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imperialist, he let fall one or two remarks on commerce and on the status of India which have a decidedly imperialistic flavor. Thus we recall his willingness to maintain forts for the protection of trade with "barbarous and uncivilized nations". And whatever may have been his attitude toward independence for the colonies, he never proposed to cast off British India. While the East India Company in his opinion had long passed the term of its usefulness—if it ever had had any—its territorial acquisitions were "the undoubted right . . . of the state and people of Great Britain" and ought to yield as large a revenue as possible, consistently with justice to the natives. In no case should a trading company be given exclusive rights for more than a limited period. "Upon the expiration of the term, the monopoly ought certainly to determine; the forts and garrisons, if it was found necessary to establish any, to be taken into the hands of the government, their value to be paid to the company, and the trade to be laid open to all the subjects of the state." [1]

In no absolute sense can Adam Smith be called either an imperialist or an anti-imperialist. He was not a "Little Englander" on principle nor, on the other hand, did "any old thing with a flag on it" (to borrow Mr. Wells's phrase) satisfy his notion of an empire. What he desired primarily was the destruction of the parasitic growth of restrictions and monopolies that constituted so large a part of the old colonial system, and if a good deal of the overseas dominion must be amputated in the process he would have submitted to the loss. But if it were possible to destroy the system and retain the colonies he would perhaps have been equally satisfied.

A more dogmatic writer of the same period was James Anderson, an economist who appears to have been forgotten by everyone except the editors of the *Dictionary of National Biography*. In his day Anderson was a person of some consequence, being employed by Pitt to survey the fisheries, and carrying on a correspondence with Washington.[2] Of greater interest to us is the fact that Jeremy Bentham adopted many of

[1] *Ibid.*, vol. II, pp. 431, 245.

[2] *Dictionary of National Biography*, vol. I, p. 381.

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his opinions on imperial questions. In 1782 Anderson published a thick pamphlet on *The Interest of Great Britain with Regard to her American Colonies Considered.* He passed over the East Indian conquests as entailing political results "very different from those which have ensued from the establishment of the American colonies."[1] As for the latter, Britain, he observed, ought to extract from them every possible benefit. But the general effect of his argument was to prove that she never could expect any. From the standpoint of defense the colonies were a weakness, for "the real strength of a country consists in the *number* of its inhabitants" and in their concentration: England was likely to be depopulated by emigration. An opposition of interest also weakened the mother country. England would try to shift as much of the expense of government as possible to the colonies, and the latter would avoid it so far as they could. The question of justice did not enter—"In matters of government, *necessity* is the only law."[2] The possession of colonies, moreover, was an incitement to foreign wars and begot a swarm of placemen, bred in idleness and servility, who threatened the liberties of the subject.[3] In fine, "our aim . . . should be to preserve the vigour of the parent state independent of the colonies. To avail ourselves to the utmost of the advantages that may be derived from them, but not for a moment to forget"—here enters a refrain often repeated afterwards—"that sooner or later they must be separated from her, and that she must so act as to be prepared for the event."[4] If the political bond was enfeebling and transitory, so the economic benefits arising from it were phantasmal. Anderson, like Adam Smith, inveighed against the monopolistic policies of mercantilism in colonial trade. He also asserted that emigration narrowed the home market, with little compensation abroad. By his calculation Great Britain forwent a home trade of £55,000,000 in return for a colonial trade of £2,300,000. Even as a means of relieving pauperism

[1] Anderson, *op. cit.*, p. 23.

[2] *Ibid.*, pp. 24 *et seq.*, 35-7, 57-8.

[3] *Ibid.*, p. 102, ch. 5.

[4] *Ibid.*, p. 39.

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colonial emigration was a failure: the young and active went but the aged and infirm remained.[1]

Anderson's conclusion is rather unexpected. Instead of bidding farewell to America with that lack of consideration which was supposed to characterize the imperial attitude, the mother country should not cast off the colonies entirely, for this would leave them defenseless. Instead, the colonizing powers by international agreement ought to abolish all special trading privileges in America and declare their possessions neutral and all naval stores contraband in case of war in Europe. England should keep certain of her colonies,[2] and Spain, France, Portugal, Holland and Denmark recover what they possessed at the beginning of the war which was then in progress.

Anderson's plan made no impression on the chancelleries of Europe, but his attack on colonies won the approval of a philosopher. Jeremy Bentham's appeal to the French Convention in 1793, *Emancipate Your Colonies!,* is perhaps his best-known work on imperialism, but it does not contain a full statement of his views. It is cast in the emotional rhetoric which the French at that time were supposed to find particularly stimulating. Bentham pleads the cause of democracy or what we now call self-determination; otherwise the argument in general merely repeats what he had said more concisely, several years before, in *A Plan for an Universal and Perpetual Peace.*[3] As he confessed, the latter work owes much to Tucker and Anderson.[4] Two things, he held, were necessary to eliminate war: "1. The reduction and fixation of the force

[1] *Ibid.,* pp. 98, 127, ch. 6.

[2] Florida, Georgia, the town and county of New York, Long and Staten Islands, Nova Scotia, Hudson's Bay, Canada, Labrador and the West Indies. The Loyalists should be indemnified by the "States of America", to which should be given Virginia, Maryland, Pennsylvania, the Jerseys and part of New York.

[3] Essay IV of his *Principles of International Law* (*Works,* Bowring's edition, vol. II, p. 546). The MS. of the *Principles,* says Bowring, is dated 1786-9.

[4] *Ibid.,* footnote: "Two original writers have gone before me in this line, Dean Tucker and Dr. Anderson. The object of the first was to persuade the world of the inutility of war, but more particularly the war then raging when he wrote: the object of the second to show the inutility of the colonies."

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of the several nations that composed the European system; 2. The emancipation of the distant dependencies of each state." The second, Bentham tried to show, was consistent with the interest of the parties even aside from the fact that it would prevent war. For one thing, "the stock of national intelligence is deteriorated by the false notions which must be kept up, in order to prevent the nation from opening its eyes and insisting upon the enfranchisement of the colonies." Moreover, economically speaking, colonies seldom if ever returned a profit to the mother country; besides this they drew away capital which could be employed more advantageously at home. From the standpoint of efficient, simple and economical government, distance and a conflict of interest made imperialism a failure: "It is for the purpose of governing it badly, and for no other that you can wish to get or keep a colony. Govern it well, it is of no further use to you." Going beyond the cautious proposals of some earlier writers, Bentham set down five "reasons for giving up the East Indies", one of which was "preventing the corruption of the natives by the example of successful rapacity."

II

At the turn of the century economists followed two diverging lines of thought with regard to the empire. In their treatment of colonies one group were the legitimate successors of Anderson and Tucker. The other group, while by no means free from the same tradition, were more disposed to revise their opinions in the light of contemporary events. So doing they prepared the way for the imperialistic revival of the 1830's.

Malthus should undoubtedly be considered a progenitor of the new imperialism. His principle of population, a nearly perfect synthesis of the social conditions of his time, seems to lead almost inevitably to a revived interest in the colonies. In the *Essay* Malthus himself hesitantly took the first step.

> It is clear [he wrote] . . . that with any view of making room for an unrestricted increase of population, emigration is perfectly inadequate; but as a partial and temporary expedient, and with a view to the more general cultivation of the earth,

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> and the wider spread of civilization, it seems to me both useful and proper; and if it cannot be proved, that governments are bound actively to encourage it, it is not only strikingly unjust, but in the highest degree impolitic in them to prevent it.[1]

Emigration does not necessarily imply colonization. Nevertheless, it suggests it. Presently, therefore, economists began to refurbish a long-discarded reason for colonies. As early as 1808 Robert Torrens, a writer and politician of some contemporary reputation,[2] gave, among other reasons for keeping the colonies, their use as receivers of excess population.[3] He repeated the idea in 1817 as part of a scheme for reducing the poor rates. Colonial land, he suggested, might be granted to able-bodied paupers and their passage money advanced if they agreed to refund it. Parliament might even enact that persons marrying after a certain date who became unable to support their families should be denied poor relief if they refused to emigrate. Better terms for repayment of the passage money could be arranged if the emigrants settled in the colonies rather than in the United States.[4] Jeremy Bentham, too, in his *Manual of Political Economy,* recommended colonization "as a means of relieving the population—of preventing its excess."[5] In his article "Colonies", written for the *Encyclopaedia Britannica,* James Mill expressed much the same thought.[6] John Rooke, an economist rediscovered by Professor Seligman, looked upon colonization as a solution of the problem of excess labor created by the introduction of new agricultural methods.[7] Even J. R. McCulloch, in the midst of an assault on colonies, caught the infection.

[1] 1807 edition, vol. II, p. 71.

[2] Professor Seligman considers him the real author of certain important doctrines usually attributed to Ricardo. *Economic Journal,* 1903, p. 341.

[3] *The Economists Refuted,* p. 35.

[4] *The Pamphleteer,* vol. X, pp. 521-2.

[5] *Works,* vol. III, p. 56.

[6] *Essays on Government, Jurisprudence, Liberty of the Press,* . . . etc., p. 13. Written between 1816 and 1819.

[7] *An Enquiry into the Principles of National Wealth* (ed. 1824), p. 373; *Economic Journal,* 1903, p. 511.

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> We hope it will not be supposed [he wrote in 1825] . . . that we consider the foundation of colonial establishments as, generally speaking, inexpedient. We entertain no such opinion. It is not to the establishment of colonies, provided they are placed in an advantageous situation, but to the trammels that have been laid on their industry and the interference exercised by the mother country in their domestic concerns that we object. . . . Occasions may frequently occur, in which governments may advantageously interfere to settle emigrants in foreign countries [i. e., colonies], and when the soundest policy dictates the propriety of supporting them until they are in a situation to support themselves.[1]

Meanwhile another economist sought to give these ideas practical effect. When Sir Robert Wilmot Horton became undersecretary of state for war and the colonies in 1822 he inherited with the office a modest and intermittent policy of assisted emigration which the government had carried on for some years. To Wilmot Horton it was clear that England was overpopulated and equally clear that the pauper class composed the surplus. The solution which he therefore advocated in and out of office was the emigration and colonization of paupers, the cost to be defrayed—this was his own contribution—by mortgaging the poor rates. He appeared to regard colonization as being quite as essential as emigration, repeatedly said he should always consider the colonies "an integral part of the mother country", and declared that a rapid increase of population was necessary to make the colonies self-supporting and able to defend themselves.[2]

In 1827 Wilmot Horton presided over a select committee of the House of Commons on emigration. Malthus naturally was called before it. By skillful questioning he was led to agree that the emigration of surplus workingmen to Canada would not diminish the wealth of England but on the contrary would furnish a valuable market for English manufactures; it would also prevent the separation of Canada from England

[1] *Edinburgh Review*, August 1825, p. 302. C. A. Bodelsen (*op. cit.*, p. 14) considers McCulloch the probable author.

[2] H. I. Cowan, *British Emigration to British North America 1783-1837* (University of Toronto Studies, vol. IV, no. 2), esp. ch. 7.

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by giving Canada enough man-power to resist conquest by the United States.[1]

For some years Wilmot Horton mustered a respectable following among economists. He was actively supported by Robert Torrens, whose similar views have been mentioned above, and Malthus, Thomas Tooke, Ricardo and Nassau Senior approved his scheme of mortgaging the poor rates to create an emigration fund. This principle was eventually embodied in the poor law of 1834.[2]

While economists generally recognized the value of colonization as an outlet for surplus population, they were not so agreed as to its effect upon national wealth. "The foundation of a colony", Bentham roundly declared, "is an introductory expense—the government of it a continual standing expense—war for the defence of it an occasional one." Capital drawn from the mother country to improve the land in the colonies returned little in the way of produce whereas if used at home it would have increased the wealth, population and security of England. Colonization, "when employed as a means of enrichment", he pronounced "a folly".[3] John Rooke, on the other hand, emphasized the value of the colonial market and held that capital invested abroad was never advanced out of the capital stock but took the form of annual produce, and that the ensuing profit was a clear gain to national wealth.[4]

Between 1800 and 1829 a student of economics who endeavored to form his opinions on colonies according to the best authorities must have been somewhat confused. He would have gathered that the old colonial system had grave defects and that a change in the direction of free trade and colonial autonomy was desirable. Were the present colonies in fact worth keeping at all? Here the authorities differed. McCulloch argued that separation would be a great gain.[5] James

[1] *Reports from Committees,* 1826-7, vol. V, pp. 314-18.

[2] H. I. Cowan, *op. cit.,* pp. 147-8.

[3] *Manual of Political Economy* (*Works,* vol. III, p. 52).

[4] *Op. cit.,* p. 373. The passage is not very clear, but the above seems to be the meaning.

[5] *Edinburgh Review,* August 1825, p. 302.

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Mill closed his article in the *Britannica* with the assertion that colonies tend to produce bad government and war.[1] Ricardo gave no specific answer. David Buchanan, an editor of the *Wealth of Nations,* repeated an old axiom: "The emancipation of a colony from the dominion of the parent state seems to be the natural consequence of its gradual increase."[2] On the other hand, Bentham decided in favor of retaining the colonies. If expense alone were considered, doubtless they should be given up. But the mother country had undertaken to protect them from enemies without and from factions within, a duty which, "in their condition of comparative weakness and ignorance", she could not renounce.[3] Starting from different premises John Rooke arrived at the same conclusion.

> Hitherto this [colonial] system [he said] has been the main cause of the advancement of the wealth and power of the British Empire, and is, at this moment, the solid basis on which its manufacturing and commercial prosperity depends; and ought, therefore, to be upheld by every sacrifice of blood and treasure, while the politics of the world are regulated as at present, by petty jealousies, selfish monopolies, and mistaken principles of trade.

The value of a friendly colonial market, he added, was appreciated during the late war.[4] Torrens also laid stress upon the latter point and as a good nationalist contended that since both parties to a trade transaction profited from it, if Britain kept the colonies "the whole of the increased wealth . . . is the property of British subjects and adds to the strength and resources of the British Empire."[5] Malthus himself, as we have seen, was manœuvred by the emigration committee into a defense of British rule in Canada.

The current of economic opinion represented by the works of Tucker, Anderson, Bentham, and perhaps Adam Smith,

[1] *Op. cit.,* p. 31.

[2] *Wealth of Nations,* 1817 edition, p. 464.

[3] *Works,* vol. III, p. 56.

[4] *Op. cit.,* p. 372.

[5] *The Economists Refuted,* p. 35.

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which had run strongly against colonies previous to 1800, was by 1829, if not reversed, at least partly stemmed through the efforts of Torrens, Wilmot Horton and Rooke, and the concessions of Malthus and McCulloch. Economists were not unprepared for the advent of a new prophet.

III

In 1826 Edward Gibbon Wakefield achieved sudden fame as the hero of a thrilling marital adventure, in which figured a lovely heiress, a closed traveling carriage, a trip to Gretna Green, and a flight to the Continent. But the father of the lady in question happened to be untouched by the Romantic Movement, and the hero soon found himself in Newgate with ample leisure to meditate upon the English penal system. He was led to consider the practice of transporting criminals, and from that naturally to reflect upon the whole system of colonial administration. Before his release in 1829 he published (anonymously) *A Letter from Sydney* which attracted wide attention and prefaced the scheme of colonization developed in his later works.

The characteristic features of Wakefield's plan are well-known: the sale of colonial lands by the state at a price sufficient to insure the most rapid settlement and growth in wealth of the colonies, and the use of the proceeds of land sales to transport emigrants from the United Kingdom to the colonies.[1] Earlier projects, he said, had been framed for the purpose of ridding the country of the poor so as to relieve those who stayed behind ("shovelling out the paupers", Charles Buller later called it). The interests of the emigrants had been neglected —they were set down in a wilderness, to survive or perish.

[1] Miss Cowan denies the originality of Wakefield's ideas: "Because the adoption of the sale of colonial land and the new attitude toward the emigration of labourers as labourers followed directly upon the agitation of Wakefield, the credit for the change has been given wholly to that theorist. But a plan for the sale of lands was drawn up in the Colonial Office as early as 1825; and so far as British North America is concerned, Gourlay and others at an even earlier date had shown that sale of land must form the basis of revenue. As for the Wakefield theory, that the labourer should not be made a proprietor on first arrival in the colony, this was not the discovery of a new principle, but the statement of the method by which the voluntary, penniless emigrant had long been making his way in the American colonies." (*Op. cit.*, p. 246.)

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But a sufficient price for land would keep the new arrivals in the position of wage-earners and so within reach of assistance by employers and neighbors until they became accustomed to the country and could purchase land of their own.[1]

Besides the peculiar merits of his own plan, Wakefield undertook to defend colonization in general against what he held to be the misconceptions of other economists. Bentham had objected to colonization because it withdrew capital from more profitable use at home. But, said Wakefield, if there existed a superabundance of capital, how could it be employed? McCulloch and James Mill had criticized Adam Smith for stating that competition among capitalists tends to lower profits, but they granted that capital is employed less and less productively on land, which is the same thing as holding that competition reduces profits. Mill had said further that wages vary according to the ratio between population and capital. But how did it happen that in England, which was rich, wages were low, while in America, which was relatively poor, wages were high? The truth is, said Wakefield, that both profits and wages depend not merely upon the ratio of capital to labor, but upon the extent of the field for employing capital. If no steps are taken to enlarge this field, wage-earners and capitalists can gain only at each other's expense: "There is every prospect of a desperate struggle between the two parties, who have been set against each other by being told that the welfare of either party is incompatible with the welfare of the other."

> In order to raise wages immediately, the field for the employment of English capital and labour must be enlarged; whereby profits, and the rewards of many services not called labour, would be raised at the same time as the wages of labour. The whole world is before you. Open new channels for the most productive employment of English capital. Let the English buy bread from every people that has bread to sell cheap. Make England, for all that is produced by steam, the workshop of the world. If, after this, there be capital and people to spare, imitate the Americans, invest it in colonization; so that,

[1] *England and America* (1834), pp. 309-10.

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as it flies off, it may take with it, and employ a corresponding amount of labour, if there be any.[1]

Economists gave Wakefield's scheme a mixed reception. Bentham, whose mind was still flexible, had added a cryptic comment to *Emancipate Your Colonies!* when it was first published for sale in 1830: "As a citizen of Great Britain and Ireland, he [the author] is thereby confirmed in the same opinions, and accordingly in the same wishes. But, as a citizen of the British Empire . . . his opinions and wishes are the reverse. . ." [2] When Wakefield's system was brought to his notice in 1831, Bentham at first raised the old objection that colonies drew capital away from the home country. But his resistance was finally overcome, and "his written remarks upon the subject", says Wakefield, "now in my possession, show that he lived to consider colonization, not an 'agreeable folly,' but a work of the greatest utility. I am proud to add that the present treatise was suggested by the wisest and best of mankind." [3]

Certain of the conservatives, however, prepared to defend the cult against heterodoxy. As Torrens explained it, their attitude arose at first from a misunderstanding of Wakefield's principles. Wakefield's newly-formed Colonization Society issued a statement which seemed to imply that land of inferior quality should be forced into cultivation. So Wilmot Horton, Malthus, James Mill and Torrens understood it, and when the first asked Malthus and Torrens to refute the heresy they replied in that sense.[4] Torrens soon discovered his error and became one of Wakefield's main props. Wilmot Horton also joined the Colonization Society, but, in Wakefield's opinion, only the more effectively to oppose it. According to Wakefield, James Mill and Wilmot Horton continued to advocate the free grant of colonial land in the belief that the settlers themselves best knew what they required.[5] McCulloch also

[1] *Ibid.*, ch. iii, and pp. 130, 249.

[2] *Works*, vol. IV, p. 418.

[3] *England and America*, p. 252.

[4] *Reports from Committees*, 1836, vol. V, p. 56.

[5] A. J. Harrop, *The Amazing Career of Edward Gibbon Wakefield*, p. 60.

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wished to leave the question of how and where to employ their capital to the emigrants. In fact, he professed himself unable to see any redeeming features whatever in Wakefield's scheme; the "sufficient price" was hard to fix—if set too low land speculation would still flourish, if too high the buyers could not clear their land; to subsidize emigration would "glut" the colonial labor market; concentration of population would become as bad in the colonies as at home. The last evil—disproportionately large towns—and its converse, the dispersal of rural population over vast areas through the practice of leasing or squatting, were apparent in Australia and could be charged to "systematic" colonization. But McCulloch was not a blind devotee of *laissez-faire*. He suggested that the best method of preventing undue dispersion might be to "apportion the land according to the available capital of the settlers, it being stipulated that no individual should receive above a certain number of acres, and that it should revert back to the public unless certain improvements were effected upon it within a specified time after the grant was made." [1]

Two economists of great authority and one of lesser note, John Stuart Mill, Nassau Senior and Herman Merivale, helped to balance the opposition of McCulloch. Senior became a member of the South Australian Association, which the adherents of Wakefield formed in 1833 as a joint stock enterprise to purchase and colonize land in the district named. In his *Political Economy* Senior cautiously referred to the Australian scheme as a project which "has not yet been submitted to the test of experience." [2] But in lectures (recently recovered) which he delivered in 1850, he set forth the main principles of Wakefield's system and (with a few suggestions for improvement) pointed to the striking results that had been achieved in Australia.[3]

[1] McCulloch's edition of the *Wealth of Nations* (1855), note xxiii.

[2] 1850 edition, p. 224. The book was first published in 1836.

[3] Nassau W. Senior, *Industrial Efficiency and Social Economy* (ed. S. Leon Levy), pp. 251-5. He spoke of the difficulty of fixing a proper price for land and of devoting all the proceeds to emigration: the settlers do not wish to bear all the expense of developing the country, and the towns, which pay most of the taxes, do not need labor so much as do the rural districts.

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Senior also called attention to Herman Merivale's analysis of "systematic" colonization. The latter's remarks have a double weight, for like Wilmot Horton, Merivale was both a political economist and an economic politician. At the time of his lectures on colonization (1839-1841) he held the professorship of political economy at Oxford and in 1848 he became undersecretary of state for the colonies. Merivale seemed torn between loyalty to economic liberalism and an honest desire to do justice to Wakefield and his followers. On the former ground he hesitated to countenance the controlled sale of land. Nor did he agree that the progress of the colonies was wholly dependent on the adoption of regulated colonization. In his opinion the main contribution of the new imperialists was that they demonstrated the need of properly distributing labor and capital, and the importance of finding a substitute for slave and convict labor. Difficulties in fixing a sufficient price for land and in properly concentrating the settlers did not, he thought, destroy the basic merits of the plan: the sale of land at a reasonably high price and the application of the proceeds to emigration in those colonies which produced a large export surplus.[1]

The younger Mill absorbed his father's doctrine of personal liberty and used it to differ with him on the subject of colonies. From the beginning he leaned towards Wakefield's ideas.[2] But John Stuart was never content merely to swell an audience. Through his intimate friend Charles Buller, the disciple of Wakefield, he influenced Lord Durham's Canadian measures, and when Durham ended his mission under a cloud, Mill helped to dispel it.[3] "I had been one of the prompters of his prompters, his policy was what mine would have been, and I was in a position to defend it." The result was an article in the *Westminster Review*. "I believe there was a portion of truth in what Lord Durham said to me—that to this article might be ascribed the almost triumphant reception which he

[1] *Lectures on Colonization and Colonies* (reprinted 1928), pp. 241, 274, 403.

[2] H. S. R. Elliott, *The Letters of John Stuart Mill*, vol. I, p. 17, a letter to John Sterling, 1831.

[3] Alexander Bain, *John Stuart Mill, a Criticism*, p. 51.

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met with on his arrival in England." More than that, his article precipitated, so Mill believed, a complete change in English colonial policy: acquiescence in colonial self-government.[1] Quite naturally, therefore, when the *Principles of Political Economy* appeared it contained some remarks on colonies. As a means of raising wages, Mill recommended emigration assisted either by public grants, or, more economically, by the adoption of measures favored by the new school. The initial expense of emigration, he thought, might well be borne by English capital, for he approved of Wakefield's explanation of the fall of profits, and believed that a surplus capital existed which had better be invested abroad than "wasted at home in reckless speculations."[2]

So far we have dealt with economic thought on colonies between 1829 and 1860 mainly as a commentary on the technique of colonization and on the perhaps more doctrinaire points of Wakefield's scheme. Along with this, however, came, as before, discussion of the value of colonies in general, the usefulness of the British colonies in particular, and the political relationship between the colonies and the mother country.

No prominent economist now ventured to attack colonization in principle, and few objected to England's retaining or even adding to the colonies she already possessed. J. A. Roebuck, it is true, asserted that economists generally (with some remarkable exceptions) looked upon England's colonies as an unnecessary burden. But he must have included writers before 1830, for after that date opinion certainly inclined the other way.[3] McCulloch, however, still remained a skeptic: "On the whole, perhaps, it will be found if rightly examined, that extensive colonial possessions are a source of weakness rather than of strength." Emancipation, he thought, would preserve the advantages and remove the burden of colonies "after they are able and determined to govern themselves." "Good sense and the most obvious views of expediency, would

[1] *Autobiography* (Harvard Classics ed.), pp. 139-40.

[2] J. S. Mill, *Principles of Political Economy* (Boston, 1848), vol. I, p. 456.

[3] *The Colonies of England* (1849), p. 8.

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suggest the policy of voluntarily anticipating what must in the end happen; and of providing for the independence of Canada, under a system of friendly and mutually beneficial relations with this country." [1]

Economists favored a large measure of colonial autonomy. The peculiar doctrines of the Radical imperialists, however, appeared to set definite limits to it. Among the powers reserved to the home government in Lord Durham's Report was the disposal of public lands. Another was the regulation of external trade. Yet the idea that the colonies might enact protective duties against the mother country even if they were permitted to do so was scarcely entertained.[2] In any event the possibility of coercing the colonies was definitely rejected. Appendix B of the Durham Report, probably written under Wakefield's direction, said that if it was inexpedient for Parliament to exercise its rights over colonial land "the whole control of the property should be vested in the most ample and unconditional manner in the Colonial Legislature." [3] The significance of this concession becomes more striking when we remember that imperial control of land sales was the very crux of Wakefield's system.

In 1849 Wakefield outlined a plan of "municipal-federative" government for the colonies. The home government, he thought, should keep whatever powers it deemed necessary to attain its objects. Opinions might differ as to what these powers should be, but he suggested that control of the military and naval forces, external mails, and the disposal of public lands be vested in Parliament. Intercourse with "the servants of foreign powers" within a colony might be managed by the governor under a commission from the crown. Residuary powers were to be exercised by the colonial legislature, which ought to resemble that of the mother country, being composed

[1] *A Descriptive and Statistical Account of the British Empire* (1854), vol. II, pp. 532, 529.

[2] "Of the fiscal policy of the different portions of your own empire", said Charles Buller, "you can always make sure, and may rely upon being met by no hostile tariffs on their part." *Select Speeches*, p. 11.

[3] Sir Charles Lucas, *Lord Durham's Report on the Affairs of British North America*, vol. III, p. 37.

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of representative, aristocratic and monarchical elements. A property qualification in land, low enough for the "steadier and more intelligent" workingmen to achieve, should be imposed. Colonial representation in Parliament was desirable but unattainable.[1]

Wakefield also shrewdly foretold how freedom and imperial unity would be harmonized.

> At some future time [he wrote in 1844] our Colonies, powerful as the Parent State or more so, must either, thanks to mismanagement, have become independent states more likely to be its enemies than its hearty friends, or else, through a wise foresight, have been kept closely bound to it,—confederacy, in some shape, by degrees taking the place of the old bond of union—the British nation continuing still united, so far as perpetual peace, mutual good understanding, freedom of commerce, and identity of foreign policies can unite it, — these Islands still its Metropolis, though their people be no longer the admitted holders of its whole imperial power.[2]

If the diligent student (now grown old) whom we imagined a few pages back had continued to read the economists between 1830 and 1860, he would have noticed important changes taking place in their treatment of colonies. The old school of anti-colonialists had disappeared. About 1831 Bentham, for some time in process of conversion, appears to have finally recanted. Even the less radical faction was reduced by the death of James Mill in 1836, and McCulloch alone carried on the principles of the group, virtually without change. "Wilmot-Hortonism" was to some extent merged in Wakefieldism, which attained its maximum in the 1830's and '40's and then, as we shall see, was replaced in favor by the doctrines of the Manchester school.

IV

Economists usually treated India separately from the colonies, and for the years 1800 to 1860 we shall do so here. The uniqueness of India was in fact its striking characteristic.

[1] *A View of the Art of Colonization* (1849, reprinted 1914), p. 297 *et seq.*

[2] A. J. Harrop, *op. cit.*, p. 137, quoting E. M. Wrong, *Charles Buller and Responsible Government.*

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Macaulay, who was perpetually astonished at the achievements of the age, had reason to marvel at England's Indian empire.

> That a handful of adventurers from an island in the Atlantic should have subjugated a vast country divided from the place of their birth by half the globe . . ; that we should govern a territory . . . larger and more populous than France, Spain, Italy, and Germany put together—a territory the clear revenue of which exceeds the clear revenue of any state in the world, France excepted—a territory inhabited by men differing from us in race, colour, language, manners, morals, religion;—these are prodigies to which the world has seen nothing similar. Reason is confounded. We interrogate the past in vain. General rules are almost useless where the whole is one vast exception.[1]

Bentham, while he adjured the French to emancipate their colonies, remarked that if the Indians must have masters the least undesirable would be the British East India Company.

> Though to you [France] the country is a burthen, it does not follow that to them [the East India Company] it might not be a benefit. . . Though even the whole of their vast possessions were a burthen to them, the burthen, instead of being increased, might be diminished by the addition: the expense of defence might be reduced: Pondicherry might be to them what Savoy is to you.[2]

But one doctrine of the economists was pretty certain to find its way into every discussion; the monopoly of the East India Company remained for many years an offense against free trade. It was during the unmitigated reign of the monopoly that James Mill became an authority on India. With two devastating articles in the *Edinburgh Review* (April, 1810, and November, 1812) he stripped the Company's trading rights of every shred of respectability. In 1813 he was partly answered when Parliament restricted the monopoly. But Mill had also launched a bitter attack against the whole government of India. The country, he asserted, was neither a means

[1] Hansard, 1833, vol. XIX, p. 515.

[2] *Emancipate Your Colonies!* (*Works*, vol. IV, p. 417).

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of defense nor a source of income to England — quite the contrary in both respects. "Unless a system of government can and shall be adopted, totally different from any that has yet been tried, it would be to contradict every principle of experience to look for anything but a repetition of the same events."[1] He granted that it would be an improvement if the Company withdrew from trade and devoted itself solely to government.[2] Rule by agents of the British government he dismissed as costly and open to corruption. His own solution was to bestow on India a separate government, administered by Englishmen and pledged to free trade, but unconnected officially with Great Britain. Then, under a reformed legal code and an emperor drawn from the British royal house, India might attain power and prosperity. The champion of democratic government embraced autocracy with scarcely a tremor: "Insure an excellent administration of justice and all the terrors of despotism are fled."[3] Mill well knew that the interests of England must be protected.

> Between the British nation and the people of India . . . there may appear to be . . . little reason for hesitating. But allowing a good deal for superior power and intelligence, and a good deal for selfishness, we shall not dispute our own title to the first place in our own consideration,—but content ourselves with merely expressing the hope, that it will be thought rather unreasonable to sacrifice the interests of the British nation or those of 70,000,000 of our subjects beyond the water, to the *East India Company*.[4]

The retort of the East India directors is their best claim to immortality. It was one of those cosmic jests which only satraps can make: Mill was asked to help manage the affairs of the Company. The call came in 1819 after his reputation had been firmly established by the *History of British India*. Such an offer was too tempting to be refused and Mill became

[1] *Edinburgh Review*, April 1810, p. 146.

[2] *Ibid.*, November 1812, p. 491.

[3] *Ibid.*, April 1810, p. 156.

[4] *Ibid.*, November 1812, p. 473.

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an assistant examiner of Indian correspondence. Three of his sons, one of them John Stuart, later entered the service of the Company.[1]

The new post did not change Mill's belief in the abstract value of free trade. In the *Elements of Political Economy* he continued to uphold it even though the East India Company still enjoyed special privileges.[2] Moreover, passages critical of the Company in the *History of British India* remained unchanged in a subsequent edition.

When the question of renewing the Company's charter arose in 1830 a parliamentary committee pried into every cranny of Indian trade and administration and offered Mill an opportunity to repeat the charges he had made as an *Edinburgh* reviewer twenty years before. As an expert and principal witness[3] he testified concerning the revenues, legal system, and political state of India. But his views were surprisingly moderate. While he suggested many improvements in administration he no longer called for revolutionary changes or questioned the ascendancy of the Company. Some of his statements might have come from an empire-builder. He proposed, it is true, the abolition of separate courts for Englishmen and the appointment of a native to a "legislative organ" which should also include three English experts. But in the existing state of Indian society he considered anything approaching representative institutions as wholly out of the question. Bad government, he said, had demoralized the Indians, although they would gradually improve under British rule. "I consider that the feeling of degradation from being ruled by foreigners, is a feeling altogether European. I believe it has little or no existence in any part of India." For those reasons, and in order to render the British possessions more secure, the native states should be abolished.

The most obvious policy would call upon us to make war

[1] *Scottish Historical Review*, 1916, p. 171, W. Forster, "James Mill in Leadenhall Street, 1819-1836."

[2] *Elements of Political Economy* (third edition, 1826).

[3] Mill was now head of his office, being Chief Examiner.

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> on those states and subdue them; which, to a power so advanced beyond the native in civilization as the English, is never likely to be a matter of difficulty. Such a power, finding its own views of order and regularity constantly broken in upon by neighbors of that description, is not only naturally, but in some sort inevitably, induced to go on conquering one state after another, until it has got the whole territory. When you have proceeded to that extent, where nature seems to have pointed out the most admirable boundary, then you should stop, and govern what is included as well as possible.[1]

While it would not be just to call Mill's testimony a partisan defense of the Company, he upheld many of its practices and certainly refrained from saying anything directly derogatory of it. His biographer attributes this indulgence toward the Company to his experience, as an official, of the stagnant condition of the natives.[2] But besides this it should be remembered that the views of Mill and his friends were coming more and more to infuse the policy of the Company. "Why", ask M. Halévy pertinently, "should not the Benthamites be indulgent toward the instrument of their influence?" The influence was certainly clear enough during the 1830's. Thus when Mill's proposed "legislative organ" became a reality as the Supreme Council of India in 1834, Mill prevailed upon the directors of the Company to appoint Macaulay as its juridical member for the purpose of applying to India the legal reforms which Bentham advocated.[3]

The East India Company emerged from the crisis of 1830-1833 shorn of its trading rights but still possessed of the government and revenues of India. Under those circumstances even McCulloch was willing to tolerate it. India, unlike the colonies, he remarked, was self-supporting and gave employment to many Englishmen at good salaries. While criticizing the oppressive taxation, which more than anything interfered with England's ascendancy and the "comparative tranquility

[1] *Reports from Committees,* 1831, vol. V, pp. 335, 396; 1831-2, vol. V, pp. 44, 59; vol. IX, p. 46; vol. XIV, pp. 8-9.

[2] Alexander Bain, *James Mill,* p. 348.

[3] *Histoire du peuple anglais,* vol. III, pp. 215-16.

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and good order we have introduced", he considered that the Company had governed India with "singular discretion".[1]

When the Indian mutiny flamed out in 1857, English wrath fell equally upon the natives and the East India Company. The directors entrusted their defense to an economist. John Stuart Mill, who in 1856 had reached his father's old post, that of Examiner, believed firmly in the virtues of Company government. He prepared a memorandum on the improvements in the administration of India during the preceding thirty years[2] and drafted the Company's petition to Parliament against dissolution. The latter document was "pronounced by Earl Grey the ablest state-paper he had ever read."[3] Mill wrote rather as a political than as an economic scientist. If the existing arrangement could not be continued, Parliament was asked to give India something similar to it. Mill pointed out the danger of exclusive control by inexperienced ministers at home and suggested the appointment of a council of men instructed in Indian affairs who should hold office during good behavior and share responsibility with the India Office.

In spite of the Company's protestations its powers were assumed by the British government. But a council was instituted which appeared to carry out Mill's suggestion. Lord Stanley asked Mill to accept a place on it, but he declined. The mistake of abolishing the Company's government, he perhaps felt, though partly corrected, was still a mistake.[4]

The question of abandoning India was seldom raised by economists between 1800 and 1860. Unlike the colonies, India remained completely subject to Great Britain and in the matter of defense was largely self-supporting. There seems also to have been a feeling that the preservation of British commercial interests and of free trade depended upon British political supremacy.

[1] *A Descriptive and Statistical Account of the British Empire*, vol. II, pp. 527, 535, 537-39.

[2] *Accounts and Papers*, 1857-8, vol. XLIII, p. 2.

[3] Alexander Bain, *John Stuart Mill, a Criticism*, p. 96. The petition is printed in an appendix to Hansard, 1858, vol. CXLVIII.

[4] Alexander Bain, *op. cit.*, p. 101.

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But no imperialism is really defensible without a moral sanction. Few economists doubted that Englishmen possessed that superior intelligence and civilization which made them the natural rulers of "backward" peoples. This applied in a limited degree even to the colonies. After meeting some of the principal French-Canadians, Wakefield advocated the proposed union of Canada so that the English might control the French. Perhaps he sympathized with Lord Durham's observations: "The French nationality is destitute of invigorating qualities." "It is to elevate them from that inferiority that I desire to give the Canadians our English character." [1] The case was of course much clearer with respect to India. Ricardo admired James Mill's *History of British India.*

> He endeavours [said Ricardo] to refute the prevailing opinion that the Hindus are now, or ever have been, a highly civilized people, and enters very fully into an examination of the state of their religious opinions, their customs, their laws, their literature, and their knowledge of the arts and sciences with a view to prove that they have never made more than the first steps in refinement and civilization.[2]

The usually restrained John Stuart Mill referred to India as a "semi-barbarous" country.[3] It had been otherwise in the 1780's. Then Bentham had said that England must withdraw from India to save the morals of the natives. But in 1830, with his own followers entrenched at India House, he could look forward to a happy Utilitarian future. "By the withdrawal of the English regiments from British India, in what respect or degree would Hindoos or Mohammedans profit?" he inquired.[4] "Answer—in much the same way as did the ancient Britons by the withdrawal of the Roman legions." [5]

[1] Sir C. Lucas, *op. cit.*, vol. I, pp. 110, 121.

[2] J. Bonar and J. H. Hollander, *Letters of David Ricardo to Hutchins Trower and Others, 1811-1823*, p. 49.

[3] *Considerations on Representative Government* (1876), p. 141.

[4] This is not, however, a mere rhetorical question, implying a negative answer. Bentham is here enumerating reasons both for and against retaining India and the colonies.

[5] *Official Aptitude Maximized, Expense Minimized* (*Works*, vol. V, p. 268 *et seq.*).

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There is some similarity between the evolution in the views of economists and the development of British policy toward India. "Our largest and most frequent acquisitions of territory", said a retired British Resident in 1831, "have been made since the declaration of the Legislature in 1784 that 'to pursue schemes of conquest and extension of dominion in India, are measures repugnant to the wish, the honour, and policy of the nation.'" [1] Perhaps a few square miles should be credited to the economists.[2]

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[1] *Reports from Committees*, 1831-2, vol. X, p. 11.

[2] This article will be concluded in a future issue of the POLITICAL SCIENCE QUARTERLY.—ED.

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GIOVANNI GARZONI ON RULING A CITY

THE treatise of Giovanni Garzoni to Giovanni Bentivoglio II, on ruling a city seems neither to have been printed nor noticed in histories of political thought. A brief notice of it may therefore be helpful. It is extant in a manuscript at the Bibliothèque Nationale, Paris, where it occupies seventeen small leaves.[1] This manuscript was formerly in the library of Cardinal Mazarin. Garzoni was born in Bologna in 1419 and died there on January 28, 1505. He accompanied his father to Rome and there studied under Lorenzo Valla. In the present work he speaks of himself as given to the study of philosophy since early adolescence.[2] Despite the gibes which humanists were wont to direct against both physicians and lawyers, Garzoni took up a medical career on his return from Rome and in 1466 was professor of medicine at the university of Bologna. He was also something of a historian, and his *De dignitate urbis Bononiae,* printed in the twenty-first volume of Muratori's *Scriptores,* has a good deal to say concerning learned men of that city. Giovanni II, for whom he wrote, was the son of Annibal Bentivoglio, who became governor of Bologna in 1438 and died on June 24, 1445, and grandson of Antonio, who had died in 1435 and to whom Garzoni's opening words refer. Giovanni II was despot of Bologna from 1462 to 1506 and died at Milan in 1508. Garzoni urges Giovanni to defend the liberty of their native city against tyranny as his father, Annibal, did. Our treatise was probably addressed to Giovanni early in his career.

Garzoni professes to follow the principles of the Peripatetics, as both the opening [3] and closing words [4] of the text proper, and other

[1] BN latin 6694, 15th century chart. olim Mazarinaeus, fols. 1r–17v, Joannis Garçonis ad Joannem Bentivolum libellus de regenda civitate. Rubric: "Iohannis Garçonis De Regenda Civitate libellus ad Magnificem ac prestantem equitem auratum Iohannem Bentivolum Incipit feliciter." Incipit: "Antonium seniorem avum tuum cuius preclara et magnifica in urbem nostram extant facinora dicere solitum accepimus. . . ." Closing words: ". . . satis michi que a peripatheticis de gubernanda civitate tradita sunt explicasse videor."

[2] *Ibid.,* fol. 2v.

[3] *Ibid.,* fol. 2v, "Civitatem boni gratia constitutam ipse a quo omnis peripatheticorum familia emanavit Aristoteles affirmat. . . ."

[4] Already quoted in note 1.

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passages show.[5] Many classical names and allusions are sprinkled through the text in the usual humanist manner. Also Roman political experience is added to Aristotelian political theory. His own medical interest is shown in his adducing medical aid as an illustration of the benefits conferred on man by city life. On the other hand, there is no allusion to the Hebraic state of the Old Testament or Augustine's City of God as a model, nor are either patristic or scholastic authors cited. Not only, then, does Garzoni antecede Machiavelli in his use of Roman precedent and example and classical allusion, but he omits all such references as those to Moses and Mohammed which Machiavelli made.

No small part of Garzoni's content is taken from Aristotle's *Politics*. He repeats its censure of the communism and free love advocated by Socrates in Plato's *Republic*,[6] and of other doctrines in that work,[7] but states that he will omit its section on Hippodamus.[8] His instructions how to maintain tyranny [9] are very much like those of the *Politics*. He also dwells, like Aristotle, upon the advantage of having a large middle class.[10] But his assertion that the Peripatetics divide law into written and unwritten, common and private, natural and positive or civil,[11] seems not to be paralleled in the *Politics* but perhaps comes from the *Nichomachean Ethics*. Nor do I find in the *Politics* any close equivalent to his statement that governors should strive to be loved by all—in which his divergence from Machiavelli is evident—and keep those three precepts of the Peripatetics in mind: first, to be benefactors; second, to be magnanimous and endowed with fortitude and shun no toil or trouble for the common weal; third, never to depart from justice and equity.[12] More Machiavellian is the following advice that they instill fear into their subordinates. Garzoni's assertion that the Peripatetics, impelled by very strong arguments, prefer monarchy to the other three forms of government is also hardly supported by the *Politics*,[13] although his arguments to the contrary are found there.

[5] *Ibid.*, fols. 8v, "Ego quoniam peripatheticos sequar illis assentior"; 15r, 17r.

[6] *Ibid.*, fol. 5r.

[7] *Ibid.*, fols. 5v–6r.

[8] *Ibid.*, fol. 8r.

[9] *Ibid.*, fols. 10v–11r.

[10] *Ibid.*, fol. 16v; Aristotle, *Politics*, IV, 11.

[11] BN 6694, fol. 15r.

[12] *Ibid.*, fol. 17r. The resemblance with *Politics* V, 9 is not close.

[13] *Ibid.*, fol. 8v.

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Other passages in Garzoni's booklet show the influence of Rome rather than of Peripateticism. Military science is extolled as more utilitarian than others and is indicated to Giovanni Bentivoglio as a path to glory.[14] Later Scipio Nasica is praised for advising that Carthage be left to serve as a Roman punching bag, and the Roman historians are cited as affirming that they would not have been vexed with civil calamities had they always been threatened by foreign wars.[15] However, wars are by no means to be undertaken except for the sake of peace.[16] Counselors should be taciturn and prefer the public good to their private advantage, two things on which the Roman *imperium* grew.[17] Marcus Cato, whom Cicero highly esteems, laid down four qualifications for judges: authority, knowledge of the law, experience of human actions, and a just will.[18] To the varieties of law distinguished by the Peripatetics the Roman jurists add *ius gentium,* to which we are drawn by natural appetite as men, whereas natural law applies also to other animals, who for example nourish and care for their young as we do. But *ius gentium* is limited to purely human relations such as buying and selling, rent and loan.[19] The civil law, which takes its beginning from natural law, is subject to three conditions, that it be just, useful, and possible. "Nor should those things become precepts of law which can in no way be enforced: Nay, the law should be accommodated to people, custom, place, and time."[20] Garzoni's tract may seem a very short and simple one, but we still have something to learn from him there.

Garzoni professes to draw from Peripatetic sources the counsel of judicial clemency rather than severity, since man is a frail creature of the emotions and yields readily to sin. He therefore would have the judge abstain from exquisite tortures and punishment, take intention into account, give the accused the benefit of a doubt, take the criminal's good acts into consideration and balance them against the wrongs he has done. If a verbal reproof is sufficient to recall him

[14] *Ibid.*, fol. 2r, "Accedit rei militaris peritia que quantum tibi gloriam pariat quivis optime potest agnoscere. Nulla me hercle scientiarum est que tantum prestat utilitatis quantum es (*sic*) militaris. . . ."

[15] *Ibid.*, fol. 12r.

[16] *Ibid.*, fol. 13v.

[17] *Ibid.*, fol. 12r–v.

[18] *Ibid.*, fol. 14r.

[19] *Ibid.*, fol. 15r.

[20] *Ibid.*, fol. 15v.

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from his errors, further penalty may be dispensed with. Or if the sentenced culprit takes his punishment in good part, it may be lessened as time goes on.[21] It is in these counsels as to crime and punishment that Garzoni's treatise is perhaps most noteworthy for the time when it was written.

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[21] *Ibid.*, fol. 14v.

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REVIEWS

Dawes to Locarno, 1924-26. The Diary of an Ambassador. By VISCOUNT D'ABERNON. New York, Doubleday, Doran and Company, Inc., 1931.—ix, 317 pp. $5.00.

Few ambassadors have written as interestingly and as importantly as has Lord D'Abernon in his diary describing the events of his diplomatic mission in Berlin. Three major events are recorded in the third volume—the Dawes settlement of 1924, the Locarno agreement of 1925, and the entry of Germany into the League of Nations in 1926. They are events which mark a complete metamorphosis in Germany's European position.

A detailed account is given of the Locarno negotiations. The story is interesting historically but it has a particular bearing on the recently announced Austro-German customs union. Lord D'Abernon makes it abundantly plain, that is to say, that if the idea of Locarno had been sprung upon a Europe which was unprepared, the agreements could never have been negotiated. What happened, however, was that the Stresemann proposal, communicated first to England and later to France, was not publicly discussed until statesmen had had a chance to assimilate the idea and take steps toward preparing public opinion in their respective countries. When the idea was first adumbrated, there was tremendous skepticism as to its possible realization. But an agreement on principle was reached and the matter was handed over to the legal experts of the three countries for the drafting of the documents which were signed at Locarno. Had there been premature publicity, public opinion in Germany as well as in France and England would have been hostile. It is obvious that, in respect of the Austro-German customs union, the Wilhelmstrasse has failed to remember the plain lesson of the Locarno negotiations. One result is that the French press pays as much attention to the "brutal manner" of the announcement as it does to the substance and economic implications of the *Zollverein*.

A good many diplomatic diaries are content with recounting events and the reader is not always sure that the diarist appreciates the larger problems to which those events are related. This is not the case with Lord D'Abernon's volume. He does not fail, for example, to understand the tremendous importance of permanent Foreign

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Office officials. Most of his wise remarks on this subject are directed to the permanent staff of the Wilhelmstrasse and Stresemann's concern that his diplomatic tentatives should not be checked by his subordinates. But he occasionally deals as well with the Quai d'Orsay and the British Foreign Office. Moreover he recounts some interesting gossip concerning Baron von Holstein. Equally thoughtful are Lord D'Abernon's asides on diplomacy by conference, its difficulties and its advantages.

The account of the events of the biennium discloses in striking fashion the extent to which European statesmen have been in advance of their parliaments and peoples. That, indeed, has been one of the most interesting phenomena of the period since reparations were settled. If European statesmen did not have to worry about being driven from office, they could be much more reasonable in dealing with each other. Briand's position at the moment is perhaps the most striking illustration of the situation confronting most foreign ministers.

Four introductory chapters give sketches of Stresemann, Austen Chamberlain, Carl von Schubert and Ramsay MacDonald. The analysis and characterization are exceedingly acute. The sketch of Stresemann is particularly sympathetic and is a fitting tribute to the greatness of that statesman. With the German Foreign Minister Lord D'Abernon was always on the most friendly and even intimate terms. That was a fact of no mean importance in its bearing on the appeasement which followed the acceptance of the Dawes Plan. In the Locarno negotiations, moreover, Lord D'Abernon played an important rôle—rather more important than the telegraph wire and continuous conference allow to an ambassador. The Locarno idea was one which, in a slightly different form to be sure, the British representative had constantly pressed upon the German government. The Diary is therefore not only an extremely valuable record of how the achievement came, but is an unconscious and modest tribute to the prescience and skill of the British representative in Berlin.

LINDSAY ROGERS

Our Times. The United States 1900-1925. Volume III: *Pre-war America.* By MARK SULLIVAN. New York, Charles Scribner's Sons, 1930.—xvii, 563 pp. $5.00.

"It is magnificent, but it is not war", exclaimed the French general as he watched the charge of the Light Brigade at Balaclava.

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So an orthodox historian, trained in the school of Ranke or Gardiner or Osgood, might close Mr. Sullivan's book with the remark: It is fascinating, but it is not history. For there is no hint of unity or plan or progression in the book; no theory of a morphology of the *Zeitgeist;* not even (except for the last three chapters) a concern for chronological sequence. The volume is entitled *Pre-War America,* but there is not a word in it to suggest the coming of the war or to invite the reader specially to contrast the social and political conditions of America in the first decade of the twentieth century with those of the second and third decades. What Mr. Sullivan has given us in this most entertaining volume is a series of articles of the most varied sorts, each filled with welcome information and written with the author's characteristic humor and penetration, revealing the wealth of his acquaintance with people of importance in every field from high politics to low comedy, but no more bound together than a handful of pearls in a jewel-box. The reader never knows what is coming in the next chapter. He turns from the exciting story of the rise and fall of the Hyde "dynasty" of the Equitable Life Company, in two generations, to the Roosevelt of Mr. Dooley and the cartoonists; from the embarrassments caused the administration by the religious zeal of "Dear Maria" Storer at Vienna to secure the appointment of an American cardinal to the amusing tilt between the President and Congress over simplified spelling; from the fight over the Hepburn Rate Bill of 1906 to Dr. Stiles' fight against the hookworm. Mr. Sullivan devotes nearly twenty pages to Roosevelt's quarrel with the "nature-fakers" and nearly a hundred to the songs that were in vogue in the early years of the century, accompanied in more than a score of instances by several bars of the music. In the last three chapters, entitled "1906", "1907", and "1908" respectively, he abandons even the semblance of unity within the chapter itself, and adopts the style of annalistic summary that the *New York Times* has been accustomed to publish in its New Year's issue. And when the mass of events to be chronicled threatens to prolong the chapter unduly, Mr. Sullivan resorts to crowded pages of smaller pica.

This is the third volume of Mr. Sullivan's *Our Times,* whose purpose, as announced in the opening words of the first volume (1926), is "to follow an average American through this quarter of a century (1900-1925) of his country's history, to recreate the flow of the days as he saw them, to picture events in terms of their influence on him, his daily life and ultimate destiny." The fourth chapter of Volume I introduced Theodore Roosevelt on the scene and the

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thirteenth chapter saw him installed in the presidential chair. Mr. Sullivan has now published 1814 pages of his "narrative", and has not yet got beyond the Roosevelt administration. Chapters in the third volume as well as chapters in the first deal with events of 1902 or 1903. The narrative is always spirited and lively, but it does not get on. It is like a prancing charger painted on a tavern sign-board. Still we are not complaining: we like spirited chargers, even if they only champ their bit and arch their necks and prance forward, back, and sidewise a few paces. Mr. Sullivan's volumes are so entrancing in style, so full of "atmosphere", so crowded with information, rescued from impending oblivion by the author's command of human sources, for the use of future historians, that we are willing to tarry over the opening years of the century—provided, of course, that Mr. Sullivan will promise us to live "to recreate the flow of days" in the Taft and Wilson and Harding and Coolidge administrations, as he has done for the piping years of Theodore Roosevelt.

DAVID S. MUZZEY

England in the Age of the American Revolution. By L. B. NAMIER. New York, The Macmillan Company, 1930.—viii, 518 pp. $8.50.

Mr. Namier's earlier book, *The Structure of Politics at the Accession of George III,* has been justly praised as an important contribution to our knowledge of the realities of English political life in the first decade of the second half of the eighteenth century. It was a study of the parliamentary electoral system and of the House of Commons as a "microcosmos" of the body politic. Its treatment of such subjects as the different types of constituencies, the motives that led men to enter Parliament, general elections and the use of secret service money exemplified the value of patient and laborious investigation of detail, and incidentally exploded a number of legends which had long passed current as authentic history. It was intended as introductory to the author's main work, a history of the British "political nation" during the age of the Revolution.

The volume in hand is the first instalment of this *opus magnum.* Its character is such as to make us hope that succeeding volumes will follow in due time. Unfortunately, Mr. Namier has felt compelled, as he tells us, to relinquish his studies in order to take up work with the Jewish Agency for Palestine, and he speaks of the resumption

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of his historical labors as doubtful. One wonders if it is not a mistaken sense of duty and a distorted view of values that so often lead scholars to abandon important scholarly enterprises which cannot be carried on by others in favor of "public service" for which their special aptitudes and qualifications are not indispensable.

"Government and Parliament under the Duke of Newcastle" is the theme of this volume, which deals intensively with the course of domestic British politics from the accession of George III, in October, 1760, to the proscription of Newcastle's followers, "the massacre of the Pelhamite innocents", in December, 1762. This is a rather short period of time, and the colonies come into the story only in a chapter on "The House of Commons and America", which is a careful study of the colonial interests and connections of the members of the House that was elected in 1761 and lasted till 1768. "The age of the American Revolution", as that phrase is commonly used, refers to the first twenty-two years of the reign of George III. If the author returns to his scholarship and completes his work on a scale commensurate with that on which he has begun, it will run to many volumes. Some modification of scale might be desirable, for the present volume is longer than necessary. It is true that most of the large quantity of source matter that is reproduced cannot be found elsewhere in print, and much of it is of great interest, especially for the light it throws on personalities and contemporary opinion; it is perhaps not going too far to say that the illustrative material is what gives the book its chief value. But the author sometimes lets the "extract habit" get the better of him and indulges in long quotations when the *ipsissima verba* are of no consequence.

The Newcastle Manuscripts, which were exploited to excellent purpose in *The Structure of Politics,* continue to be the *pièce de résistance.* Ridiculous though he was as a statesman, Newcastle, thanks to his habit of preserving all his memoranda, minutes of conversations and correspondence, built up a vast collection of material, filling nearly 500 volumes, which was acquired by the British Museum forty years ago and has since been accessible to students. Probably no other historian has labored as diligently in this vineyard as Mr. Namier. "The Newcastle Papers", he observes, "are noted in most recent works on the period as cargo on board; but some authors would do well to add the formula customary in eighteenth-century bills of lading: 'Contents unknown.'"

The author's aim is essentially constructive, but the good work

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of destroying myths goes on. From the "unknown contents" the author shows that the generally accepted opinion that George II took no interest in parliamentary elections, leaving Newcastle a free hand in the business of electioneering, is not correct. The legend which has long passed current that George III and Lord Bute secured the return of a large number of candidates, many of them Tories, in the general election of 1761, is shown to be devoid of foundation. A careful analysis of the personnel of the House of Commons elected in 1761 rectifies false impressions of its character conveyed in descriptions based upon anecdotes related by Horace Walpole, Gibbon and other literary contemporaries.

To call a figure so unheroic as the Duke of Newcastle the hero of this drama would be an abuse of language, but at any rate he occupies the center of the stage. In innumerable extracts from his letters and papers he stands self-revealed—supersensitive, suspicious, irresolute, afraid of responsibility (it is misleading to speak of him as a prime minister), absorbed in trifles, dilatory in the transaction of business yet ever in a bustle, vain though self-depreciatory—by no means devoid of intelligence, loyal to his friends, genuinely solicitous for his many protégés and dependents, personally incorruptible though a specialist in the art of political corruption. Curiously enough, no biography of the man has been attempted. Mr. Namier suggests that when it is written it will have to be in terms of mental pathology.

Since foreign policy and the conduct of the war lie outside the scope of this volume, the dictatorial, intractable, incalculable "Mr. Pitt" is rightly left where he belongs, in Olympian aloofness from the scene of domestic politics, with its petty jealousies, ministerial levees, sinecures, wire-pulling and chicane. His power was not based on court favor, patronage, electioneering influence or family connection. He makes few appearances before the footlights, but from time to time his shadow falls across the stage, as when Newcastle writes to his mentor, Lord Hardwicke:

> I ask'd His Majesty, suppose Mr. Pitt should quit now, how does Your Majesty propose to have your affairs carried on? He said, you can do it; you have the majority of the House of Commons. I replied, it would be betraying Your Majesty, if I flattered you with the possibility of my being able to do it. No one will have a majority at present, against Mr. Pitt. No man, Sir, will, in the present conjuncture, set his face against Mr. Pitt in the House of Commons.

In conclusion, the following extract from the Newcastle Manu-

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scripts deserves to be quoted for the light it throws upon George III's knowledge of the Empire over which he was presiding. Newcastle records a conversation in which the King expounded the proposed terms of peace. He explained to the Duke that the French

> would demolish all the forts etc. which they had upon the river Mississippi (His Majesty was pleased to say up to the Ganges, but I apprehend the King mistook the Ganges for some other river). As I am far from knowing exactly the state and limits of those countries I said nothing farther upon that head.

ROBERT LIVINGSTON SCHUYLER

Portrait of a Diplomatist. By HAROLD NICOLSON. Boston, Houghton Mifflin Company, 1930.—xvi, 337 pp. $5.00.

Sir Arthur Nicolson was a frail, diffident, shrewd and "enragingly honest" diplomatist of the old school, whose career began in the Foreign Office in 1870 as private secretary to Lord Granville, carried him to Persia, Turkey, Bulgaria, Morocco and Russia, and ended in 1916 in the office of Undersecretary for Foreign Affairs. He had forty-five years' experience of the labyrinthine windings, the backstairs gossip, the frontstairs genuflections, the policy-making and policy-bungling of international relations. He himself played a well-meaning, capable, rather coldblooded, and as his son frankly admits, not at all a perspicacious rôle in British foreign policy. That is, he lent himself ably to what he regarded as the great essential aim of protecting the Empire against German aggression. He checkmated the blundering Radowitz at Algeciras and helped France gain her aims there; promoted the Triple Entente, and did more than any other Englishman to forge the Anglo-Russian Convention; tried in 1909 to persuade Sir Edward Grey that the Triple Entente should be made into a Triple Alliance; was distinguished as a Russophil even when Russia was behaving most badly; was intent upon making as complete as possible what the Germans called their "encirclement"; and rejoiced when England plunged into war on the side of France.

This is a record which, on its face, might well appear difficult to defend. Mr. Harold Nicolson does not defend it. On the contrary, he deals in complete candor with the selfishness of British policy, the shortsightedness of the architects of the Entente, and the ignoble objects and acts of many Anglo-Franco-Russian leaders. He says frankly that as regards the causes of the World War "the main

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onus falls on England". His whole point of view is so caustic that the book has had what may be called a *succès fou* in Germany. But while he does not defend, he tries to explain. The old diplomatist, he says, must be treated with fairness. If he failed to foresee the war he may justly be called a fool; but if he did foresee it and labored to put his own country in a position to win it, he ought not to be called a knave. The fault lay with the civilization which the old diplomatists had to represent, not with themselves. We pride ourselves upon a more liberal and humane point of view, but we have had the benefit of an education purchased by the expenditure of billions and the death of ten million young men. Considering this, we are not after all so superior to the Greys, Cambons, Jagows and Nicolsons.

As an explanation of the acts of a typical diplomatist of the pre-war period the book is completely successful. But it is much more than a biography of one diplomatist—it is a broad contribution to the history of the times. It would be hard to find a better avenue for exploring the pre-war ideology in Europe than this volume, with its biting style and incisive epigrams, presents. Nicolson was not a trickster or marplot and he hated war; he was simply trying to protect his country's interests. He believed with Northcliffe and Churchill in the aggressive designs of Germany and the probability of a collision. If Britain stood alone she would be smashed. A gentle, unimaginative man, he was slow in taking an advanced position. For a short time before and after 1900 he thought that Britain might make friends with Germany. When Berlin proved chilly, he was ready to turn to France. He saw a good deal of the Germans all over Europe and the Near East; his conviction of their hostility grew. Britain must be prepared for war. Still, he hoped for peace. At the time of the Agadir crisis he thought peace depended on maintenance of the Triple Entente. If we make concessions to Germany, he wrote Sir Edward Goschen, "the result would be that we should then have a triumphant Germany and an unfriendly France and Russia and our policy since 1904 of maintaining the equilibrium, and consequently the peace, of Europe would be completely wrecked." Others believed with equal honesty in the same "equilibrium" of competing alliances. It grew more and more precarious. Finally the smash came.

Mr. Nicolson's story is vivid, dramatic, and rises climactically to the days after Sarajevo. Here and there the style is strained and artificial. But the succession of events—the Anglo-French Entente,

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Algeciras, the Anglo-Russian agreement, Bosnia-Herzegovina, Agadir, and the rest—is pictured with telling effect. Even better than these pictures, drawn partly from official documents, partly from Sir Arthur's letters, and partly from Mr. Nicolson's memory, is the author's subtle penetration of the psychology of the various Foreign Offices of Europe. There is some guesswork and some inaccuracy. But as a whole the book gives a convincing impression of the hopes and fears, the precautions, the aspirations, the ambitions, which actuated most of the diplomatists of Europe as that continent walked its tightrope toward the catastrophe of 1914.

ALLAN NEVINS

COLUMBIA UNIVERSITY

A History of Nationalism in the East. By HANS KOHN. Translated by Margaret M. Green. New York, Harcourt Brace and Company, 1929.—x, 476 pp. $7.00.

The title of this book gives no conception of its real merit. This is more than a history of nationalism in the East. It is a diagnosis of the forces of history. Dr. Kohn has what Spengler called a flair for physiognomy, without the medicine-man connotations which Spengler gave the phrase. He has a sure intuition for broader movements and underlying forces, for the distinction between fact which is significant of trend and fact which merely records events. The opening chapter is an impressive achievement as a conspectus of the last hundred years. It is history in essence.

The governing principle or guiding idea which, as Dr. Kohn says, molds the whole life of an epoch was, in the period after the eighteenth century, nationalism. The expansion of this idea to the East in the last two generations is already molding, or remolding, the life of the East. And it seems clear beyond need of demonstration that one of the main determinants of the history of the twentieth century will be the way in which the powerful West accommodates itself to the consequences of this expansion. At the moment Great Britain appears to be committing itself to resignation in India. All the Western Powers appear to have committed themselves to resignation in China. Turkey wrested acknowledgment from them. But it is doubtful whether the Western world has yet recognized the consequences of resignation. For something more is involved than political devolution. More is about to fade than the glory of empire. The stakes of empire also are about to be lost. And these lie so close to the foundation of Western power, so closely are

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they now built into the economic structure of the West, that their loss will threaten the stability of the whole structure. Dr. Kohn does not emphasize strongly enough, perhaps, the economic drive behind Western aggression in the nineteenth century and the material background from which this arose—the machine and the industrial revolution. From the point of view of the East, Western aggression and the building of empires served as the carrier of the idea of nationalism. From the point of view of the West, aggression was the implementing of industrialism and the machine civilization. The maladjustment of the relations between the two hemispheres today is caused by the conflict inherent in empire, the conflict between the two constituent elements in Western aggression.

The prototype of Western empire was, of course, Great Britain. And it was British imperialism that served as the most effective carrier of the idea of nationalism. English education, meagerly as it was apportioned to the natives of India, was the forcing bed of the seeds of contemporary Indian intransigence. First it produced an organic *malaise* in the Indian system, a point which Dr. Kohn brings out cogently. It was an element of denationalization, of deculturalization. Then it showed the Indians themselves the cure of the *malaise*—or what they thought would be the cure. For it does not follow that the independence of India—or of China or Egypt—will restore equilibrium. Politically the East may—and probably will—recover integrity and independence. Culturally it has been conquered anyway. It is possible that Dr. Kohn does not sufficiently allow for this fact in his speculations about the possible effects of Eastern unity, or rather the community of Eastern aims *vis-à-vis* the West produced by the idea of nationalism. It is a temporary and factitious unity. The East has taken more from the West than democracy and nationalism. It has taken also Western culture, of which those two are dependent ideas. It will lose therefore that which gives it distinctiveness as East. There will not be an East as contradistinguished from the West, but so many industrialized nationalities lying in the Eastern hemisphere. In fact, as Dr. Kohn points out in his concluding paragraph, the spread of nationalism to the East "has created, for the first time in history, something approaching a uniform political and social outlook dominating the whole human race." If within this enlarged unity there is to be conflict, it will more likely develop on other lines than the European-Asiatic division. As Dr. Kohn says, the still unknowable factor of Russia will affect all alignments.

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The evolution of nationalism and its intellectual and social concomitants in Islam generally, in India, Egypt, Turkey, Arabia and Persia, Dr. Kohn traces with clarity, perspective and imaginativeness —above the scene but never Olympian. His account is documented by fact, but never cluttered with facts. He deals with ideas primarily. China he touches only in passing, an unfortunate lack, since the influence of China is proving so decisive. India is a British possession and its fate affects the British Empire alone. The fate of China determines the future of imperialism as an institution, as a force in world politics. If China saves itself, then empire is lost.

This book is too signal a contribution for criticism to seem anything but caviling. No student of international relations or history can consider his equipment complete without mastering Dr. Kohn's work. He has laid every such student under indebtedness.

NATHANIEL PEFFER

COLUMBIA UNIVERSITY

Die Anschlussfrage in ihrer kulturellen, politischen und wirtschaftlichen Bedeutung. Edited by FRIEDRICH F. G. KLEINWAECHTER and HEINZ VON PALLER. Vienna-Leipzig, Wilhelm Braumüller, 1930.—xxvii, 656 pp. Rm. 22.00.

The treaties of St. Germain (Article 88) and of Versailles (Article 80) establish the "independence" of Austria, or, to put it more correctly, forbid its union with Germany, except with the consent of the Council of the League of Nations. Wilson's principle of the right of self-determination of a people was welcomed by the Allies as long as it contributed to the dissolution of the polyglot Austro-Hungarian Empire and thereby helped win the war. It was calmly put aside, however, when its application would have favored the German Austrians. In other words—*Quod licet Jovi, non licet bovi.* As early as November 12, 1918, the Austrian *Nationalversammlung* passed a law to the effect that "German Austria is a component part of the German Reich" but on June 2, 1919, the Austrians were told at St. Germain that they would not be allowed to do anything that would "endanger" the "independence" they did not desire. Even the very name "German Austria" had to be changed to "Austria" pure and simple.

The *Anschluss* question is here considered by forty-five contributors—experts in their respective fields—from the most different points of view. In the separate chapters we find discussions on the

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political, economic and cultural history of Austria, on the views of the various European governments, the attitudes of the Austrian and German political parties, on "America and the *Anschluss* Question" (by Professor Preston William Slosson), and on such proposals as Paneuropa, Mitteleuropa, and Danube Confederation. We find further represented economists who write from the point of view of industry, commerce and banking, agriculture and forestry, students of law (both municipal and international), sociologists, adminstrators, experts in transportation, educators and artists. Briand declared somewhat nervously in 1929, in regard to the *Anschluss* question, that freedom of a people (Austria) could not imply freedom to commit suicide. It would appear that the people of Austria do not share Briand's anxiety concerning the results of *Anschluss,* and that some of its best minds are earnestly at work to make the contemplated "suicide" as smooth and efficient an affair as possible. They intend, e.g., to make it free from such tension as took the place of the early enthusiasm in Alsace-Lorraine over its union with France. Austrian and German law, administration, education, and economic phases of public life are slowly but safely unified in preparation for the final political union.

The present work is more than ample evidence of the fundamental unity of Austria and Germany in the numerous and varied aspects of life of a highly civilized people. The many contributors have combined to produce a thorough and comprehensive study which would have been beyond the power of an individual scholar. Most of the writers are Austrians, yet there is a sprinkling of Swiss, French and American names. Few "Reich-Germans" have added to the work as the Austrian editors apparently wish to stress the fact that the *Anschluss* is desired by Austria as a union with Germany and not by Germany as an annexation of territory. There is a certain amount of repetition in some chapters as is well-nigh inevitable in a coöperative work. There are certain disagreements between some contributors and we find even opposing statements. They indicate that under the able direction of the two editors freedom of scientific opinion was well preserved. On the whole, the book is the standard work on the *Anschluss* question and no serious student of this European problem will be able to neglect its thorough study. It would be a blessing for European peace if similar, separate studies of equal quality were prepared by both Polish and German scholars on the Polish Corridor and Danzig questions.

JOHN B. MASON

UNIVERSITY OF ARKANSAS

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The Giant of the Western World. By FRANCIS MILLER and HELEN HILL. New York, Morrow & Company, 1930.—308 pp. $3.00.

The subtitle of this interesting book puts its theme in a single phrase—"America and Europe in a North-Atlantic Civilization." During the decade since the war there has been an unparalleled penetration of European countries by the United States. "There is practically no aspect of American life which lacks a European component." With abundant illustrative material the authors fill in a sweeping picture of the trans-Atlantic activities of American business men, financiers, students, teachers, "missionaries," researchers, collectors and mere sightseers. As a result of these activities, coupled with the international debts begotten by the war, we have important national interests in European countries, and in spite of our firm official resolution to avoid political entanglements, our government has cautiously begun to recognize the responsibilities attendant upon those interests. At present our public international theory and our private international practice are inconsistent. But "the days of the isolationists are numbered. . . . A peasant foreign policy directing the destiny of the world's most powerful industrial state is an anachronism which cannot permanently endure." The extent of our political intercourse with European governments "is incommensurate with the extent of American interests in Europe, and the manner in which it is conducted is incompatible with the self-respect of the American people."

A considerable portion of the book is concerned with the consequences of our political aloofness in the midst of the advancing interfusion of economic and social forces. We have helped to create difficult problems for Europe and seriously handicap her in the solution of them. Our policy has had positive effects in Italy and Poland, is one of the strongest incentives to the formation of a United States of Europe, and "in many instances [is] actually inimical to the world's peace." The American economic system is viewed both as a model and a menace. European industrialists are striving to learn all they can from it, but are also exerting every effort to check its expansion on the Continent.

To sum it up, "America is being internationalized, and Europe is being Americanized," and the result is a North-Atlantic civilization, comparable to the Mediterranean civilization that flourished in the heyday of the Roman Empire. Some of its probable characteristics are portrayed in the closing chapters, and we are invited to

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indulge in conjectures as to the effect upon the balance of power, nationalism, international law, the peace movement, *et cetera.* A concrete suggestion is made that is worthy of very serious consideration—that an Intergovernmental Commerce Commission be set up "to deal with the entire international economic situation."

Mr. Miller and Miss Hill have written a book that is not only interesting and entertaining, but very useful as well. For one who agrees with their general conception of the relation of the United States to Europe, there is no more important task to be performed in this country than that of building this conception into our "public opinion." We were, as a people, shocked back so violently into the constricted cave of our traditional insularity from which we had begun to emerge, by the specters conjured up by the irreconcilables of 1919-1920, that much education will be needed before we shall wholeheartedly assume among the powers of the earth that station of joint responsibility and leadership for which the laws of economics and accidents of geography have prepared us.

The Giant of the Western World is a valuable contribution to that end. There should be some way to compel every member of Congress to read it and meditate upon it—and every teacher, every preacher, every editor or journalist, every banker, every business man, everyone to whom men look for guidance in making up their minds.

The scholar would like to have more statistics, charts, tables and footnotes, but the book is written so that the man on the street can read and understand, and will like it well enough to go through to the last page.

A. R. ELLINGWOOD

NORTHWESTERN UNIVERSITY

America Looks Abroad. By PAUL M. MAZUR. New York, The Viking Press, 1930.—xv, 299 pp. $3.00.

One would expect the sequel to *American Prosperity, Its Causes and Consequences* to be an eminently readable and practical book. In that regard, Mr. Mazur's second effort is no disappointment. One is always inclined to pick up a book of this sort with the fear that it will be full of tables and figures, but the author has studiously avoided that mistake. The book is, in essence, nothing more than a remarkably clear and concise exposition of the fundamental economic truth that within the next ten years America must inevitably have a so-called "unfavorable" balance of trade. The factors which lead to that conclusion are the burden of Mr. Mazur's argument, and he

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takes his reader on a Cook's Tour of the economic history of Europe and the United States from the earliest days of their contact in international trade to the present-day creditor status of America.

In reading the book one cannot but call to mind the constant agitation since the war for the cancellation of European debts, which Mr. Mazur does not advocate, and the ever mounting interest bill of Europe to the United States, which must somehow be met. It is fundamental, of course, that Europe cannot pay in gold. It is patent also that if she is to pay in goods, we must somehow work ourselves into a position to absorb such payments—and the tariff is an almost insuperable barrier. On the other hand, American exports to Europe were an almost essential part of American prosperity during the past ten years, and an increased foreign trade is a *sine qua non* of increased American prosperity in the future. At the same time, Mr. Mazur points out that in American politics during the last fifty years two shibboleths have been emphasized—the protection of the American worker in his higher standard of living against the influx of cheap European goods, and the "favorable" balance of trade, meaning a surplus of visible items of export over visible items of import. That favorable balance has, to a certain extent, been kept down by American tourist expenditures in Europe, and by payments of freight and insurance charges to European carriers, but even these millions are but a drop in the bucket.

Most important of all, a favorable balance has been maintained since the war only by American financing of foreign purchases. An almost equivalent amount of foreign loans has been made for every dollar of goods constituting the favorable balance. The dilemma presented is, therefore, how Europe is to repay her present American commitments, and how America, at the same time, is to maintain and develop her foreign markets.

Mr. Mazur has no panacea. Indeed, he foresees dire possibilities if America pursues its present foreign economic policy; a war of tariffs, a United States of Europe, or a customs union, erecting barriers directly discriminatory against American goods, the necessity for canceling American loans, and other consequences which America cannot face without perturbation. But, after an apology for his presumption and a passing reference to the Europeans who have casually surveyed the United States, Mr. Mazur lays his solution on Europe's door step.

America has developed, he points out, during the last quarter-century, a completely new philosophy of consumption, and the result

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has been an unquestionably higher standard of living. Mr. Mazur advocates the adoption by Europe of a similar philosophy of consumption, at the expense of caste, tradition and class consciousness. He points out what has, of course, been the fundamental difference between American and European social philosophy, namely, that in America, material possessions have been practically the only mark of social aristocracy, toward which even the humblest may strive, whereas in Europe a tremendous class-conscious lower and middle class has always existed, which the so-called upper classes deem unfit to enjoy material possessions. The possible political consequences to Europe of such a change open a fascinating field for prognostication.

In short, Mr. Mazur sees the solution only in the development by Europe of sufficiently large and widespread domestic markets to enable it to exploit export markets in the still large, undeveloped areas of the world, so that those areas may export to the United States sufficient quantities of duty-free raw materials to help pay Europe's bill. America, therefore, "looks abroad" for its own future prosperity.

CARLOS L. ISRAELS

NEW YORK CITY

Danger Spots in World Population. By WARREN S. THOMPSON. New York, Alfred A. Knopf, Inc., 1929.—xi, 343, x pp. $3.50.

The Director of the Scripps Foundation for Population Studies and Professor of Social Science of Miami University has issued a warning to the world that unless large portions of colonial maps are made over, colonization policies changed and natural increase pretty generally prevented, the "heavy differentials in population pressure" will be "certain to make trouble in the not distant future."

Dr. Thompson finds that there are three regions where serious trouble may originate; and these are his "danger spots". The three areas of Eastern Asia, the Indian Ocean, and Central Europe (including Italy) are the focus of his book. He makes, of course, extended reference to Great Britain, because "no important change in world organization can be effective in which" that country "does not play the leading role". The author's object is evidently to present reasons why great empires should divide up their existing possessions so to take care of surpluses of population in other countries.

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The keynote of the entire volume and of the author's creed is to be found on page 235: "The personal advantages of controlled fertility are so obvious that it is unthinkable that they will not appeal to all peoples."

The alternate emphasis on meticulously calculated fractions of percentages and then on sweeping statistical generalizations and biological hypotheses disconcerts the scientific reader, especially in view of the fact that Dr. Thompson has within a year given out two quite distinct calculations for the growth of the population of the United States. In a radio address broadcast by Science Service and reported in the *Science News Letter,* April 5, 1930 (page 211), he calculates the maximum at 160 millions by 1960 or 1970, while in the *American Mercury* for April 1930 (page 385 *et seq.*) an increase clear up to the year 2000 is contemplated, with some reservations, the maximum in this case being 185 millions. If latitude is so broadly taken with the relatively ascertained data concerning the population of the United States, what liberties may the author be expected to take with the far more hypothetical material relating to the bulk of the population of his "Danger Spots"?

The book is filled with expressions that irritate and do not convince. Its references to "swarming" (p. 17), for example, are offensive in their suggestion of racial condescension, all the more since they lack any essential biological justification. The calculations of the population of China (p. 20, and elsewhere) are categorical, and give the impression of a high degree of authenticity and exactitude, when, in point of fact, neither can exist in the circumstances. Rather substantial assumptions appear to serve as a basis of the fish diet of the Japanese people (p. 23). At page 31, as at so many other places in the book, the inevitable formula which appeals to Professor Thompson, the solution of all the problems whose critical stages make him so apprehensive, is primarily the prevention of human life "so rapidly and so generally that the growth of population will soon be checked." Many might question the author's statement on page 32 that "no possession of man is more tenaciously held,—at least, held against attempts to lower its level,—than his standard of living"; and they would naturally think of the decline in living standards in certain of our seaboard and mountain regions, a decline none too tenaciously resisted. Eminent authorities in the field of medicine will hardly concede that "one of the first effects of birth control is to reduce infant mortality very greatly". It is little less than temerity to indulge in the type

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of calculation which Professor Thompson employs to arrive at a population of 80 million for Japan by 1947 (p. 36). Again, is it a fact that the actual cultivation of land in Formosa by the Japanese is negligible? Responsible Japanese would challenge this.

The romancing of the book, however, reaches its highest note when the author begins to draw conclusions of high policy as to agreements "between Japan and Italy" which might be "accompanied by an understanding with Russia" and apparently with Turkey, all to the undoing of Great Britain. People who know the history of Italian policy are well aware that the preoccupations over Italy's exposed coastline quite suffice to prevent Italy from finding herself on the side opposed to Great Britain. The freedom with which the author redistributes the sovereignties of the world is well illustrated in his generous disposition of the Philippines (pp. 104-107).

When Professor Thompson declares, in the course of an incidental discussion of immigration in the United States, that the Irish "never went to the land in very great numbers but rather remained in the cities" he is making a sweeping statement which applies rather to the movement after the Civil War than to Irish immigration in the eighteenth and early nineteenth centuries. The author finds no particular lesson for the United States in his observations that he can see no "prospect of the maintenance of the present rate of population growth in Australia, to say nothing of its increase, as long as Australians hold to their present conviction that only Anglo-Saxon agriculturists are wanted as immigrants". A powerful judgment on much of what his book advocates is to be found in the concluding sentence in his fourth chapter: "As a consequence, I believe that the position of Australia will become increasingly precarious in a world where force is the sole arbiter."

For all his alarm over danger spots, the author is capable of great optimism. On page 282, for example, he declares that if the population of Great Britain had remained stationary at about what it was in 1910, economic conditions would be better. The population of England and Wales in 1911 was about 36 millions, and in the middle of 1927, as estimated by the Registrar General (*Statistical Review of England and Wales,* 1927, p. 98), it approximated 39.3 millions. Yet with this increase of 3 millions, there had been a decline from about 30.5 per cent to about 25.5 per cent in the portion of the population under 15 years, and a rise from 16.1 to 21.2 per cent in the proportion over 50 years. In order that no increase in population

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should have occurred between 1911 and 1927, either the mortality rate would have had to rise instead of continuing to fall as it did, or the birth rate would have had to decline much more rapidly than it did in fact decline. In the latter case, the proportion of the population under 15 might have fallen considerably below a fifth of the total. What prospect of replacement (otherwise, of course, than by immigration) of the population then living, would England have had, if such a development had occurred? Does a shrinkage in population, and the assurance of continuing shrinkage in population, really constitute a sound guarantee of prosperity?

C. E. McGuire

Washington, D. C.

The Dissolution of the Habsburg Monarchy. By Oscar Jászi. Chicago, University of Chicago Press, 1929.—xxiv, 488 pp. $3.00.

It may be safely asserted that the Austro-Hungarian monarchy has presented a most perplexing topic to students of government and of history. To the long line of distinguished scholars who have attempted to solve this crossword puzzle, the name of Professor Jászi may now be added. In this book he endeavors to set forth the underlying causes which led to the disintegration of the Habsburg monarchy.

The historical background which he gives (pp. 31-130) is sketchy and exceedingly compressed. One who is not already fairly well acquainted with the history of the Danube Valley at least since the beginning of the sixteenth century will have questions raised in his mind to which no reply is given. The bulk of the book deals with the various forces which, on the one hand, worked for the consolidation of the Empire and, on the other hand, contributed to its disintegration. Under the first heading the author includes the dynasty, the army, the aristocracy, the Roman Catholic Church, the efficient bureaucracy built up by the Habsburg rulers, and other social and economic forces, as capitalism, socialism and the free-trade policy within the monarchy. Among the disintegrating factors he counts above all the persistence of feudalism and, as will be pointed out below, he insists especially on feudalism in the Hungarian part of the monarchy. In the author's opinion this was apparently the most potent force in the disintegrating process; for the other factors which he enumerates are treated as incidental to and consequential upon this element. These other factors he considers to be the struggle for preponderance and domination between the various

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component territorial entities of the empire; and the increasing sectional nationalism which culminated in the various irredentist movements within and without the monarchy.

Students of history and of political science cannot afford to overlook Professor Jászi's contribution. Whatever defects this book may have, it certainly will, to say the least, inspire thought and reflection.

But defects it undoubtedly has. Such defects, partly, are due to the magnitude of the task. More serious and more regrettable are the defects which can be attributed to the author himself, defects resulting from inaccuracy and, frequently, from prejudice. The high scholarship of Professor Jászi and the purely scientific motives which guide his analysis are indeed not questioned. Yet on more than one occasion he has approached facts and situations not with the cool and detached outlook of the scholar standing above his own feelings and inclination, but in the perspective of preconceived theories.

The gist of Professor Jászi's contention is that "in its ultimate result the Habsburg monarchy fell down on the national problem through its inability to solve it" (p. 215). This conclusion he reaches after analyzing the factors which, in his opinion, tended to consolidate the monarchy, factors which he calls the centripetal forces of the Empire. It is with this axiom in mind that he then proceeds to analyze the destructive factors, the centrifugal forces, and there can be no mistaking that Professor Jászi puts the blame for the failure to consolidate the monarchy into a federal state very largely, if not exclusively, on the Hungarian ruling classes (see p. 27). The reviewer has always felt that general statements should be received with skepticism; this feeling was predominant while reading Professor Jászi's book. It probably is true that the Hungarian ruling classes, striving for a unified national state, and the antiquated feudal institutions of the country bore their share of responsibility for the dissolution of the monarchy. Yet it seems somewhat exaggerated to attribute almost the whole causal force to one single factor in a result which was brought about by a million intangible, imponderable facts and currents both within and without the monarchy.

The proof of the "continuous imperialistic expansion" of the Habsburgs, the author finds in the so-called grand imperial title which he quotes *in extenso* as indicating "better than anything else" the psychic structure of the monarchy (p. 34). This is dialectic,

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not exposition; similar results, equally misleading, could be had by setting out the full title of the English sovereign. At another place, Professor Jászi criticizes the fact that the monarchy's foreign policy, "closed from all popular opinion and true parliamentary control, put the nations of the monarchy before a *fait accompli* in the most important issues" (p. 115). While the criticism is perfectly justified, account should have been taken of the fact that Austria was not the only one to indulge in this deplorable practice. It was the policy of most European governments and one does not need to stretch his imagination to find indications of the recurrence of this practice after the World War by governments supposedly relying on popular opinion and subjected to "true parliamentary control". The reviewer was surprised to find also that Mr. Jászi apparently disregards the results of some rather convincing proofs as to the assassination of Archduke Ferdinand; otherwise how could he boldly stamp as "erroneous" the view which regards the Sarajevo plot as the criminal work of the Belgrade government (p. 125). Professor Fay, with whom he takes issue, is not the sole person who has presented evidence that the government of Serbia was not wholly innocent in the fateful events which led to the outbreak of the World War.

Preconceived ideas sometimes prompt the author to use curious evidence for the support of a proposition. An instance of this is his being content to rely upon a single story, with no conclusive proof as to its authenticity, to indicate that the interest of Count Tisza, the Hungarian premier during the war, in Hungary's new boundaries was predicated in first instance on whether his own estate fell within the proposed new borders of Rumania (p. 218). Even assuming, for the sake of argument, that the incident occurred as related, it is extremely difficult to conceive how it would support the author's characterization of the prevailing "psychic feature" of the monarchy's leaders, who "kept themselves aloof from all facts and incidents which could trouble their interests and traditional point of view" (p. 217).

A *caveat* against accepting on face value the author's assertions and conclusions is, therefore, warranted by defects such as those pointed out above. Just how far Mr. Jászi has penetrated into the real causes of the dissolution of the great Danubian Empire, is hard to judge. He undoubtedly has revealed in a striking fashion some of the causes; whether or not their relative importance has been correctly estimated may well be questioned. It might well be asked

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how the author can reconcile the antiquated and defective economic, social, political and educational organization of the monarchy, as described by him, with the fact that the peoples of the Habsburg Empire nevertheless enjoyed a more or less satisfactory standard of economic prosperity and that they have made remarkable progress in almost every walk of a nation's life. This raising of the standard of living and this progress took place especially during the forty or fifty years preceding the World War when the very factors which Professor Jászi designates as the centrifugal forces should have increasingly handicapped improvement.

Whatever may be the defects of Professor Jászi's analysis, the emphasis he gives to the problem of nationalities brings sharply into the foreground an issue which bids students of political science in general and the statesmen of some countries in the Danube Valley in particular reflect. One cannot fail to agree with the author when in the concluding paragraphs he calls attention to the fact that the new states which were erected on the ruins of the former empire are faced, with the exception of Austria and Hungary, with the same problem which confronted the Habsburg monarchy, namely the consolidation of a population including large groups of peoples different in race, language or religion (pp. 455 *et seq.*). While it is questionable whether the failure to solve the problem of her various nationality groups was the chief factor in the dissolution of Austria-Hungary, it was doubtless one of the chief factors. It would seem, therefore, that the governments concerned would do well to consider, following Professor Jászi's suggestions, whether the methods through which they are endeavoring to solve their problems, methods similar in substance to those deplored in the case of the monarchy, but more aggressive and more intolerant, in the case of the succession states, are really conducive to the end sought for.

FRANCIS DEÁK

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Economic Causes of the Reformation in England. By OSCAR A. MARTI. New York, The Macmillan Company, 1929.—xxi, 254 pp. $2.50.

To proclaim the importance of the economic causes of the rupture between the Church in England and the Roman See is not to state a new or revolutionary theory. In all the countries which embraced the Reformation in the sixteenth century, the motives of princes and people were many and various; and in all of them the economic mo-

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tive played an important part, though nowhere so important as in England. Dr. Marti's thesis, then, is one that scarcely needs proof. He proves it very convincingly; but it is not the proof that gives significance to his excellent study of the economic background of the English Reformation. Rather it is as an analysis and summary of the whole economic structure of the Church in England in its relation to Rome, and of the movement for the disendowment of the Church from the beginning of the thirteenth century to the reign of Henry VIII, that it merits recognition as an important contribution to the history of the age. There is in it little, perhaps, that is new to the specialist; but by virtue of its careful organization and thorough treatment, much that will be of great interest and assistance to any student of the period.

One of the most significant portions of Dr. Marti's work is his evaluation of the wealth of the English clergy and of the extent of papal exactions in terms of popular protest, especially in the thirteenth century. Here, where available statistics are so vague and contradictory that definite statements are impossible, or when possible almost meaningless to the modern reader because of the great change in the buying power of money, he labors to show the popular conception of the disproportionate wealth of the clergy, rather than to measure the exact value of ecclesiastical lands or of papal revenue. For the purposes of his study, the former is infinitely the more important factor. The people believed the wealth held by the clergy in England itself and the sums sent to Rome to be so great as to imperil the safety and economic stability of the realm and to form an intolerable burden on the tax-paying public. Such statistics as can be obtained bear out the contention of the malcontents, but that they do so is relatively unimportant compared with the fact of popular discontent.

Passing on to the crisis precipitated by Wyclif in the fourteenth century, Dr. Marti analyzes the motives which inspired his protests and the arguments by which he won the adherence of many of the most important lay leaders of the nation. Wyclif was himself a moral reformer rather than an economist. His condemnation of ecclesiastical wealth was justified in his own mind chiefly by the inevitable degradation of moral and spiritual standards resulting from an allegiance divided between God and Mammon. He did not, however, limit his appeal to such grounds. His most effective argument, as Dr. Marti shows, was that "endowment jeopardized the social and economic welfare and endangered the military defense

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and political stability of the realm." England was already becoming a self-conscious national state, jealous of foreign influence and resentful of foreign exactions. Dr. Marti sees in the action against papal provisions and in the confiscation of the alien priories in the thirteenth and fourteenth centuries the prototype of the later patriotic-economic reaction against Rome. But England was still in the Middle Ages, and the crisis passed. Papal practices continued and discontent, though less vocal, still ran as an undercurrent through the life of the fifteenth century. And meanwhile the world was changing.

When the Reformation Parliament met in 1529 the same arguments were advanced against endowment as in the fourteenth century. It was essentially the same movement, but in a different society and under different political conditions. The evolution of capitalism and nationalism and the rise of the middle class had introduced new factors into the situation in opposition to the dominance of the universal Church. The private and political desires of the king and the avarice of king and people alike were thrown into the balance against the time-honored claims of the clergy. It is in linking up this last and successful attack upon endowment with the earlier discontent and unsuccessful opposition, and in showing the steady development of the movement throughout the whole period, that the author makes his chief contribution.

Dr. Marti's attitude is eminently fair, and shows no discernible religious bias. His research covers an extensive field, with considerable use of original sources, though there are some amazing omissions in his bibliography and one or two inexplicable errors, as when he translates Geraldus Cambrensis as Gerald of Cambridge. A more serious criticism might be made in regard to the literary style of the work. There is a good deal of unnecessary repetition. The sentences are often awkward and difficult, and sometimes, as in the case of the sentence quoted below, actually meaningless. Speaking of Henry's apparent intention at first of confiscating all property of the Church to the crown, the writer adds: "But he was forced to change his mind for many reasons—especially that such a measure would incur the undying hatred and opposition of the secular clergy which he could not dispense with as he could the good graces of the regular clergy" (p. 200 *et seq.*).

W. K. FERGUSON

NEW YORK UNIVERSITY

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Problems of the Pacific: 1929. Edited by J. B. CONDLIFFE. Chicago, University of Chicago Press, 1930.—xv, 697 pp. $5.00.

This is a ponderous volume both in size and in substance. It is not meant for the general public. It appeals only to experts and those especially interested in the problems discussed. The book is a record of the third biennial conference of the Institute of Pacific Relations at Nara and Kyoto, to which the United States sent 45 delegates, Japan 49, Canada 29, China 31, England 17, Australia 11, New Zealand 7, the Philippines 8 and Korea 7. In addition there were two observers from the League of Nations, three from the International Labor Office, and one each from Soviet Russia, France, the Netherlands, the East Indies and Mexico. The problems discussed were (1) the machine age and traditional culture, (2) food and population in the Pacific, (3) industrialization in the Pacific countries, (4) extraterritoriality, foreign concessions and settlements, and financial reconstruction in China, (5) the Manchurian situation and (6) diplomatic relations in the Pacific.

These problems were discussed mostly at "round tables" from which the public and the press were excluded, though evening meetings, where set addresses were delivered, were open to both. Why the round tables were held in secret is not clear. One can conceive no reason why, for instance, the influence of the machine age upon old civilizations, or the problems of population and food supply should be discussed *in camera*. Even in the case of the inflammable questions of China's foreign relations and of Manchuria, open discussion would have been beneficial.

It may not, however, be entirely fair to judge the merits of an animated conference from the cold pages of its printed record. There may have been certain circumstances not known to outsiders such as the present reviewer, but important enough to convince those responsible for the procedure adopted at Kyoto that discussion behind closed doors was more profitable than open discussion.

Of this book the first 240 pages are devoted to the summaries of the round-table discussions. These are admirably prepared by Mr. J. B. Condliffe, the able secretary of the Institute of Pacific Relations. But the summaries, however admirable, are after all summaries, and are, therefore, unsatisfactory. In Mr. Condliffe's summaries the line of demarcation between his own opinion or sentiment and that of the round table or of the individual speakers is often blurred or vague. Nor do they present a clear picture of the discussion because the names of the speakers, in conformity to the

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policy of secrecy, are omitted. Granted that secrecy was advisable at the particular time of the conference, I can conceive no reason whatever why it should be maintained even in this book. One should at least know what opinion originated in what national group.

Reading this book one feels that the conference took a much bigger bite than it could comfortably chew. The discussion, for instance, on the machine age and its effect upon traditional culture or on industrialization in the Pacific countries, as gleaned from the summaries, seems perfunctory. Possibly such innocuous topics were included to neutralize the "tense" atmosphere which, it had been feared, might develop from discussions on Manchuria, the Chinese Eastern Railway, or extraterritoriality in China.

To all intents and purposes the Kyoto Conference was a conference on China. On the question of extraterritoriality in China a proposal was put forward, though as usual no decision was taken, for the appointment of a panel of judges or jurists, foreign and Chinese, appointed perhaps by the World Court, to assist the Chinese judiciary through the period required in the modernization of China's administration of justice. To those who know the temper of nationalist China, the futility of such a proposal is obvious. For a like reason such suggestions as were advanced by some round-table speakers for the financing of China by the League of Nations will never be accepted by China unless the plan is to put the money at her own free disposal with no such strings tied to it as foreign supervision of her financial administration.

By far the greatest amount and the best of all the documentary information presented to the conference is on Manchuria. It is, however, doubtful whether the discussion has brought out any new point of view, or whether any of the documents submitted, valuable as they are, throws any new light on the situation. Such facts as were expounded at the Kyoto Conference had long been known to the parties concerned, and it is both because and in spite of those facts that controversy persists between China and Japan, between China and Russia, and at times among them all. China admits that Japan has brought peace to Manchuria, has made the country prosperous agriculturally and commercially, and has made it a haven of refuge to millions upon millions of Chinese from the war-torn, famine-ridden provinces south of the Great Wall. But such facts make little difference to China's objection to Japan's continued stay in Manchuria.

The Conference devoted much attention to the Sino-Russian con-

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troversy over the Chinese Eastern Railway. In the round table it was said that the controversy was "an example of the dangers arising from defective machinery of negotiation", and that "a commission of inquiry to give an impartial statement of disputed facts would be valuable". Here again the conference was inclined to be too academic. It ignored the fact that neither China nor Russia wanted any outsiders to "butt in", that the 1924 Sino-Soviet agreement contained an article excluding any third party or parties in the determination of the future status of the Chinese Eastern Railway, that in 1924 the Chinese Government rebuffed Secretary Hughes who politely reminded it that the said Sino-Russian agreement seemed to contain provisions contrary to certain resolutions passed by the Washington Conference. As for the inability of China and Russia to come to agreement on the railway question, it is largely due to the fact that China has had two governments, Nanking (formerly Peking) and Mukden, always at loggerheads on the Chinese Eastern question, and that the Soviet had to make treaties with them both. This fact was overlooked by the Kyoto Conference. Since then China and Russia have opened negotiations for the settlement of the dispute, but have never come to grips because the Chinese delegation never know which of their two governments to look to for instructions. They have been marooned at Moscow since last May. All these facts should be remembered in appraising the suggestion of the Kyoto Conference for providing better "machinery of negotiation" for the solution of the problems of the Pacific.

K. K. KAWAKAMI

WASHINGTON, D. C.

Turkey in the World War. By AHMED EMIN. Published for the Carnegie Endowment for International Peace by the Yale University Press, New Haven, 1930.—xviii, 210 pp. $3.25.

One wonders whether many books on the war of 1914-1918 can acknowledge such competent authorship as this. Ahmed Emin Bey is a Columbia Ph.D. in sociology who, since 1914, has been university professor, editor of an important Constantinople daily, war correspondent, Turkish observer attached to the German Staff, exile (he was deported to Malta in 1920 by General Milne), newspaper editor again, and, finally, business man. With such training and experience Emin Bey could be expected to produce a valuable study. It is a pleasure to note that he has written a book which manifests broad scholarship, sound method, a careful respect for both sides

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of controversial questions, and, for the most part, accurate conclusions.

Part I of the volume consists of three chapters. They are devoted to a résumé of the founding, expansion and consolidation of the Ottoman Empire, the part that war as an institution played in these processes, the progressive decline since Suleiman's day, the effort to survive instituted by Mahmoud II at the beginning of the nineteenth century, the reversion under Abdul Hamid II, and, finally, the contributions of the Young Turks to national survival. This section of the book was undoubtedly the least difficult to write.

But in attempting a social and economic analysis of Turkey during the war (Part II) and of the after-effects of the war (Part III), Emin Bey was tackling a job of a different magnitude. To be sure, scarcity of source materials imposed certain limits: "An investigation of a general character into the various social and economic problems created by the war cannot be expected to be complete in any sense. This present volume aims only at indicating the main lines taken by those problems, and the nature of the ever-changing experiments that were made in the hope of coping with them" (p. xii). Yet even within this *cadre* there remained a complicated task of wide scope. The author had to come to grips not only with such usual matters as resources and equipment, the general economic policy during the war, the food question, war trade, prices and wages, and war finance. But also, there were matters of special significance to Turkey: reform of a social structure dominated by Islam, Turkish nationalism (as well as Pan-Turanianism and Pan-Turkism), problems related to the heterogeneous population of the Empire, the vexed question of the Armenians, the emancipation of women, education, etc., etc. Here are problems the analysis of which calls for special knowledge and proved technique.

Yet Emin Bey is equal to the task, and he performs it in a convincing manner. Frequent adjustment of his lens enables him to portray at one moment, for example, the empire-wide effects of the mobilization and requisition orders which affected Turkey's staying powers so adversely, and, at another moment, to illumine the dark (and corrupt) sides of food profiteering in Constantinople. Again, the focus is long enough to throw into relief the complicated picture of the rise of Turkish nationalism, yet it is sufficiently short, at another stage, to etch the importance of Zia Goek Alp to the feminist movement. The Armenian massacres and deportations are examined from both sides and conclusions are reached which damage the

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position of those who maintain that the blame was all on one side. All in all, after completing Part II one is almost glad that "source" materials were so meager. If more documents and statistics had been available the book might have contained more citations and footnotes, but it is doubtful whether the author could have been more objective. Almost certainly we would not have had within the covers of a single volume worth-while conclusions on such a wide variety of subjects as are actually contained here.

The highest standard of treatment is reached in chapters xv and xvi which deal with the growth and development of Turkish nationalism. Unfortunately, in the last three chapters of the book (Part III), Emin Bey fails to maintain this high standard. One is surprised to come across statements like this: "The legal and social emancipation of Turkish women became as complete as in any western country" (p. 286). Or this: "As soon as farming, trade and industry began to be profitable, people began to take to them as they might to any kind of welcome and pleasant effort, and all trace vanished of the old indolent and fatalistic view of life" (p. 294). Nevertheless, it is in this part of the book that Emin Bey gives his explanation of the transition of one of the most static societies in the world to one of the most dynamic: "The secret lies in the remarkable discovery by Mustapha Kemal Pasha that the elements of reaction and fanaticism in Turkey never possessed any influence of their own, but enjoyed only that influence which the public authorities let them have in return for the protection they extended to rulers" (p. 287).

The lack of an index is partially counterbalanced by the fairly complete table of contents. Two appendixes contain many data taken from the 1927 Turkish census, as well as an adequate statement of the Turkish foreign debt.

DONALD C. BLAISDELL

WILLIAMS COLLEGE

A Short History of the French People. By CHARLES GUIGNEBERT. Translated by F. G. Richmond. New York, The Macmillan Company, 1930.—2 vols. xxiii, 440; xxvi, 738 pp. $15.00.

The object of this work as stated by the author in his preface is not an attempt "to tell the history of France, but merely to explain France in the light of that history . . . to discover, in the vast field of past fact, those leading events and those active influences which, linked together from century to century, have made the France of

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today". This purpose M. Guignebert has in the main achieved. The whole work has architectural unity and is marked by the traditional French clarity and precision. With its more than eleven hundred pages, however, it can hardly be called "short". But the reader who is seeking for a really short history—*An Hour of French History* as it were—has only to read the admirably worded headings at the beginning and the succinct conclusions at the end of each chapter to get a well-rounded idea of the development of France. The final conclusion of M. Guignebert is that France is an historical entity far more than a geographical personality and that she represents both complexity and harmony. He summarizes it thus:

> To her *Celtic ancestors* France owes her enquiring mind, her disdain of hidden dangers, the lack of foresight which has often brought her suffering, her delight in expression and criticism—a criticism which does not spare herself—her courage with its occasional imprudence and bravado; to *Rome*, her conception of the State, the very frame of her mind, the foundations of her intellectual education and her intuitive sense of right; to *Christianity* her deep idealism, which no disillusion can entirely destroy, which keeps alive her faith in herself and in her destiny after the worst of catastrophes; to the *Germans* her instinctive individualism, formerly fostered by the feudal system and today still emphatically expressed in her local particularism, in the fence close drawn round hearth and home by every French family and in the still strong dislike of the French for corporate discipline and co-operation; to her *Kings*, the assemblage of her territory; to the *Revolution* her sense of herself as a nation, her high patriotism, her passion for political liberty, almost all the constituent principles of her present public life; to the *Empire* her administrative organisation; to *her efforts in the nineteenth century* the establishment of her democracy.

That this latest phase of her development, the establishment of democracy, has been given so little space, the reader must regret. Less than one hundred pages out of more than eleven hundred seem hardly sufficient for the entire period since 1870.

Turning from the headings and summaries to the content of the chapters, one finds certain lacks though it is perhaps unreasonable in so vast a field to demand stress at every point. One cannot help but feel that a better understanding of the French people as a unit would be gained if more emphasis were laid on the development of the French people as individual human beings, especially in their economic life. While this phase is not overlooked, somehow it does not seem an integral part of the whole. In the earlier part of the work, kings and dynasties bulk very large. Although this stress is in some measure justified by the facts, not even the early history of

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France is entirely "past politics". Moreover, in some places overmuch detail detracts without adding color. In fact the whole work may be said to be a study in black and white.

If the work is lacking in color, it is admirable in logical development. M. Guignebert tells the story as the unfolding of a drama which was bound, circumstances being what they were, to take certain directions. In dealing with the Terror, for example, he quotes with approval from Thibaudeau:

> Too much weight has been given to human perversity in imputing to some persons in particular the atrocious conception of what has been called the system of the Terror. If it had been proposed at any one moment and in its full atrocity, there is no man, however barbarous we may imagine him, who would not have recoiled in horror. But nothing could be less of a system than the Terror. Its progress, in spite of its speed, was from step to step; one after another was successively taken. Men followed without knowing whither they were going. They went forward because they did not dare to go back and because no other way out appeared open. . . . It was the resistance from within and without of the foes of the Revolution which gradually brought the Terror into being.

But while M. Guignebert tells the story of France for the most part with moderation and detachment, as he comes down more nearly to the present time he shows himself not altogether unpartisan. He is evidently no lover of Napoleon or of the clerical party and it is to be regretted that in looking forward into the future he should end with the statement that as long as France "fails to achieve security on the Rhine, she will be obliged to keep on her guard, to burden her budget with the crushing weight of defensive armaments, to waste for long months the energies of each rising generation in the labour of military preparation"—an evidence of the emotion of the patriot rather than the detachment of the historian.

The translation in the main is adequate but there are some unfortunate lapses, as, for instance, "Politicals" (vol. II, p. 47) — hardly a proper translation for the party of the *Politiques*. "It is all *frontage*" (vol. II, p. 95) and "the causes of this *unsuccess*" (vol. II, p. 192) are examples of what is commonly called translation English. The merits of the book however are great and decidedly outweigh its defects. It answers a need for a scholarly, comprehensive and unified history in English of the development of France, from the earliest times to the beginning of the Great War.

ELOISE ELLERY

VASSAR COLLEGE

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BOOK NOTES

Louis Fischer's *The Soviets in World Affairs* (New York, Jonathan Cape and Harrison Smith, 1930; 2 vols. vii, 892 pp. $10.00) is an enlightening narrative of the relations between Soviet Russia and the rest of the world during the thirteen years from 1917 to 1930. The frank and honest friendliness of Mr. Fischer to the Bolshevist cause is evident from the opening paragraphs of the work—a highly gratifying feature, since the world too long has been listening to only one side of all Russian foreign activities. Here the story is unfolded for the first time from Soviet archives, friendly interviews with more and less important Russian and German officials, detailed examination of the Russian as well as the foreign press, and a good deal of sympathetic personal observation. In no case, however, does Mr. Fischer's good will toward things radical cause him to overlook faults or withhold blame where blame is due. The scope of these two volumes, which represent years of painstaking labor, is really tremendous. There are discussed—nearly always from a new angle and with freshness—such varied topics as the last year of the World War, the most recent developments in Afghanistan, the secret negotiations between Russia and Poland in 1919, the Locarno Treaties, the invasion of the Ruhr, the death of Enver Pasha in Central Asia in 1922, the Lausanne Conference of 1923, Russia's rôle in the Chinese Revolution, Anglo-Russian rivalry, Russo-American trade relations, and many more. Naturally, there are minor errors in the volumes, and also misplaced emphases. Sometimes mountains are made of molehills, just because these molehills had not previously been discovered. But these faults are easily condoned when it is remembered that the general reader and the student now can see how pivotal a position Russia actually has occupied in the international policies and developments of the past dozen years. Hitherto, most of our attention has been centered on the success or failure of the Five-Year Plan, on the process of collectivization, on forced labor and dumping, and on the activities, real or rumored, of the Cheka and the G. P. U. There has been a deplorable inattention toward Russia's associations with the League of Nations, toward her relation to questions of disarmament and world peace, toward the possibilities of a world-wide capitalist combination to fight Russia, and toward a contingent Russian hegemony in Asia. Fortunately, the volumes under consideration focus much

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light on these more obscure phases of recent world politics. Emphatically, no person interested in world affairs of yesterday, today, or tomorrow can afford to neglect reading Mr. Fischer's opus.—WALTER C. LANGSAM, Columbia University.

Dr. Paul Einzig's studies on gold movements have given him the proper background for an interesting essay on the banking functions of the new international bank—*The Bank for International Settlements* (New York, The Macmillan Company, 1930; x, 179 pp. $3.00)—and although the author's presentation will leave the reader at a loss to understand just why such a project should have sprung from a reparation settlement, Dr. Einzig gives a great deal of interesting comment and speculation with regard to the "auxiliary" functions of the new institution. In many respects this is the gospel according to Threadneedle Street. Even the very summary treatment of the "obligatory" reparation functions reflects this national bias. The author has apparently neither the sympathy nor the information for an interpretation of the Continental position. As an able and suggestive presentation of the British standpoint this is, however, a valuable addition to the literature of the subject. The discussion of a possible inflationary tendency and the treatment of the problem of a world bank rate (ch. ix) are quite original, even if both problems will seem somewhat unreal to those who are inclined to emphasize genetic factors in institutional interpretation.—HARRY D. GIDEONSE, University of Chicago.

The appearance of the *Political Handbook of the World,* 1931, edited by Walter H. Mallory for the Council on Foreign Relations (New Haven, Yale University Press, 1931; 208 pp. $2.50) arouses the same gratification and the same disappointment as have its predecessors. The volume, that is to say, is an invaluable mine of facts which are not readily accessible elsewhere, but the facts are too limited. According to the publisher's announcement the purpose of the volume is to give "in compact and readable form the essential information for each country on the rulers; the political parties with their programs and leaders; and the newspapers with their political affiliations and editors." This information is not only compact and readable but astonishingly accurate as well; and in the Handbook for 1931 there is an additional section on the organization and personnel of the League of Nations. The student of politics, however, will find that the Handbook fails to answer some questions which may be legitimately asked. Thus, for example, the pages on Germany give the results of the elections of September 1930 (the

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composition of the Reichstag only) but fail to suggest how the Brüning cabinet, appointed on March 30, 1930, could continue in office. There is scant indication of the significance of these elections. The National Socialist party is described as a "foremost winner" but "foremost" is not defined. If the reader of the section on France puzzles through the lists of parliamentary groups and political leaders he may get some general indications of the kind of cabinet which M. Théodore Steeg had. The fact that the Steeg cabinet is mentioned as the one holding office in France is itself an indication of the Handbook's deficiencies. That cabinet happened to be in office when the Handbook went to press. The inquirer cannot tell, however, what other cabinet or cabinets held office in 1930. Nor can he discover the changes of cabinet organization which were effected. This is not to suggest that the Handbook should be a political history. It is, however, not unreasonable to desire that the Handbook should list all cabinets and their individual members for the year, explain in a sentence or two why cabinets fell and the nature of the support given new combinations, and report the results of elections (the popular vote) in comparison with previous figures. Such additions would require more resetting of type than has hitherto been necessary in successive editions of the Handbook, but the volume is so admirable now that it is really a great pity for it to fall short of what may be reasonably expected.—LINDSAY ROGERS.

Sir John A. R. Marriott in his latest work, *The Crisis of English Liberty: A History of the Stuart Monarchy and the Puritan Revolution* (New York, Oxford University Press, 1930; xiv, 472 pp. $6.00), retells an oft-told tale from a new point of view. He is one of a goodly number of thoughtful Englishmen, genuinely attached to traditional English liberty, who have come to see reason for grave apprehension in the recent rapid development in their country of administrative legislation and administrative justice. He points out that the constitutional problems of the seventeenth century, long supposed to have been permanently solved, have reëmerged of late as living issues, that "under conditions greatly altered and in forms not always recognizable, devices adopted by the Stuart Kings in their contest with Parliament and in their relations with the Judges are today making an unwelcome reappearance." He quotes with approval a statement made by the Chief Justice of Great Britain, Lord Hewart, that the "new despotism" differs from the old in strategy but not in purpose. Its aim is "to subordinate Parliament, to evade the Courts, and to render the will, or the caprice, of the

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Executive unfettered and supreme." The author's object is definitely utilitarian. "Parliament", he says, "may be more chary of delegating legislative powers to the Executive today, if its members remember the stand taken by their predecessors against the claims put forward by the Stuarts to issue Proclamations, having the force of law, or to suspend or dispense with the Statutes of the Realm. The judges may be encouraged to maintain their resistance to the new despotism by renewed research into the history of the seventeenth century." Sir John resorts to the seventeenth century to find precedents for liberty in much the same spirit that seventeenth-century libertarians invoked the Lancastrian constitution against *their* "new despotism". He does not claim to make original contributions to current knowledge of the constitutional conflicts of the Stuart period, but his point of view makes his book well worth reading.—R. L. SCHUYLER.

Dr. J. R. Tanner's *Constitutional Documents of the Reign of James I* (Cambridge, The University Press, 1930; xv, 389 pp. $6.00) is a companion volume to his useful and admirably edited collection of constitutional documents of the Tudor period, published some years ago. In the selection of materials and in arrangement he follows the plan of the earlier volume. The documents include statutes, judicial opinions, proclamations, parliamentary debates and addresses, and extracts from the works of contemporary writers. They are assembled so as to provide materials on each of a series of main topics, such as "The Succession Question and Divine Right", "Religion", "The Union with Scotland", "The Crown and the Judges" and "Parliament". Each topic is introduced by a brief historical commentary, based largely upon the author's *English Constitutional Conflicts of the Seventeenth Century*. In a short general introduction Dr. Tanner emphasizes the importance in constitutional development of the new sense of national security which resulted from the passing of the Spanish peril and the union of the crowns of England and Scotland. It was possible for patriotic Englishmen to take serious issue with the prerogative practices which James I had inherited from Elizabeth. Students and teachers of English constitutional history will find this source-book distinctly serviceable. —R. L. SCHUYLER.

In modern times, with the notable exception of the period of the Indian Mutiny when the Princes gave invaluable support to the weakened British power, there has been a consistent tendency to leave out of Indian discussion the lands, potentates and peoples which

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do not come under the British Raj. This has been particularly true since 1918, so much so that the Princes of the Native States supplemented the official Chamber of Princes of 1919 with an informal working arrangement of their own, and in 1929 anticipated the various schemes for Indian constitutional review by proceeding to work out on their own account their historical position and the case they had to present before any new bargain should be struck between Great Britain and India. The directorate of the special organization of the Chamber of Princes has published this outline sketch with a foreword by L. F. Rushbrook Williams under the title *The British Crown and the Indian States* (London, P. S. King, 1929; xxvii, 244 pp. 10s. 6d.) Of course a good deal of its immediate value may seem to have passed with the remarkable bargain which the Princes appear to have made at the Round Table Conference, but for historians and students of political science the book remains as a record practically unique in English of the evolution of the political relationship between the Crown and the States and of the fiscal questions at issue between the States and the Government of India. Of these the second is probably of fleeting value, but the first is notable inasmuch as it is to some extent based on materials drawn from the usually fragmentary archives of the States. Practically, it seems to have been a healthy idea for the Princes to draw up this report, but in a less immediate way as well they have provided a convenient record of events which in the past too easily dropped out of sight and calculation. Naturally one must remember in reading it that it is written with a political purpose, and its dry legal tone should not be mistaken for impartiality, but the account is a clear one and readily usable.—J. BARTLET BREBNER, Columbia University.

In his *Social Politics and Modern Democracies* (New York, The Macmillan Company, 1931; 2 vols. xvi, 377; vii, 417 pp. $7.50) Professor Charles W. Pipkin has adopted the principle of multiplication of works by fissure. The book is in the main an elaboration and rearrangement of his earlier (1926) *Idea of Social Justice*. Separate volumes are now devoted to France and England, an arrangement in many ways more satisfactory, for despite Mr. Pipkin's opening and closing chapters and occasional drawing of contrasts and analogies, the case in favor of treating in one volume the development of social legislation and policy in both countries was never very strong. Readers of the new volumes may justly complain that the author gives in his preface an inadequate statement of the changes

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between the two editions. Their general nature may be indicated by reference to the volume dealing with England. Whereas the earlier volume closed with the year 1926, the new study carries the story of events up to 1930. There are thus new sections dealing with the Housing Acts 1925-29, the 1929 pensions legislation, the Consumers' Food Council, the I. L. P. program, the mining dispute, the general strike and its sequels, recent Unemployment Insurance Acts and the general post-war unemployment problem, developments in British labor and social policy and the Mond Conference, to which, in common with most non-British observers, Mr. Pipkin seems to attach undue significance. The remaining changes consist in a rearrangement of the order in which some of the material is presented, the insertion of additional detail in some sections, and occasional revisions of judgments made in the earlier volume (as for example his failure to reiterate his belief in the capacity of the British race to "muddle through", *Social Justice,* p. 258). While it might have been wished that Pipkin would have indicated more fully the pressing problems of government and administration that are raised by the vast development of social legislation which he chronicles, and which extend beyond the problems specifically dealt with by Robson and Hewart, students of labor legislation after reading the new volumes have renewed cause to feel grateful, and to marvel at his painstaking energy. — E. M. BURNS, Columbia University.

Every year students of the international economic situation look forward with interest to the *Prospettive economiche* (*Economic Outlook,* Milan, Università Bocconi, 1930; xviii, 551 pp. 50 lire) by Giorgio Mortara because they know these annual surveys of his to be well-documented, comprehensive and serious pieces of work; moreover, the 1930 publication is of special interest because it summarizes the world situation as it was just before the outbreak of the depression. Professor Mortara analyzes production and consumption of the following commodities: grain, wine, olive oil, silk, artificial silk, cotton, hemp, wool, coal, petroleum, water power, iron and copper, and discusses the business prospects of the maritime and land transportation companies, as well as currency questions and the financial situation. Professor Mortara has, of course, been influenced in the choice of his subjects by considerations of national importance; thus, the sugar situation is not touched upon while considerable attention is given to the conditions of the olive-oil industry. Professor Mortara's study shows (what experience has since proved) that, although

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a decline in production may have been responsible for the crash in the Stock Exchange, later it was the fall in the value of securities and the consequent panic and tightness of money which handicapped production. Frequently an apparent increase in production is offset by a still greater increase in population, as in the case of grain, when production increased by six per cent and population by eight per cent. Cotton production, however, has increased in the last fifteen years more than in proportion to the increase in population. In discussing the coal industry Professor Mortara points to the low prices that have come to prevail in recent years and expresses the belief that a profitable working of the mines will have to be achieved by a reduction in production costs, such as was realized by Germany in her remarkable effort at rationalization. In the chapter on steel the author draws attention to the international cartel, concluding that, although the cartel has been a target of criticism since its establishment, first by French and Belgian, and at present by German interests, yet the cartel is likely to survive these attacks. When analyzing the money situation Professor Mortara elaborates the practical problems as well as theoretical doctrines. The discussion on finances is limited almost completely to the Italian situation. In fact the author divides the study of each subject into two branches: the international and the Italian markets. With reference to the latter, the close manner in which it reflects the world situation is most striking. It is not evident from the facts that Italy has benefited especially from the Fascist leadership. In the case of the "battle of the grain", which is pointed to even by the author as a proof of the vitalizing influence of the Mussolini régime, comparison with the figures of neighboring countries shows that a considerable increase in grain production is to be found in 1929 in all European countries and was due chiefly to favorable weather conditions. In most other instances Professor Mortara himself points out the shortcomings of Italian production. But neither do the figures warrant the conclusion that Italian industry is passing through a more acute crisis than the rest of the world. In fact, Italian wholesale prices are declining. That, nevertheless, the situation of the Italian wage-earner is near to desperate, will be realized from a comparison of the indexes of wages and the cost of living, these being 561 and 503 respectively in the first semester of 1922 and 534 and 543 in the second half of 1929. Considering that in Italy—according to Professor Mortara's calculations—the average consumption of cereals is 21 per cent below the average European consumption, although 60 per cent of the

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Italian diet is made up of cereals as against 35 per cent in England and 50 per cent in France, or remembering that even before the war the average consumption of meat was 50 kilograms per inhabitant in England and Germany, 40 kilograms in France and only 20 kilograms in Italy, or 30 kilograms of sugar in England, 20 kilograms in France and Germany and only 8 kilograms in Italy, the significance of any decline in real wages will be readily appreciated. In conclusion it should be emphasized that the author, uninfluenced in his scientific undertaking by such personal political convictions as he may hold, has produced an impartial survey of the Italian as well as of the world situation, so that this work, at the least, should be valued as a first-class reference book.—CARMEN HAIDER, Washington, D. C.

Students of the Italian labor situation will learn with satisfaction of the appearance of the book *Fascisme et syndicalisme* (Paris, Librairie Valois, 1930; xvi, 292 pp. 15 francs) by Bruno Buozzi and Vincenzo Nitti. The authors sketch vividly the Italian situation at the end of the World War and demonstrate by appeal to facts and the reproduction of documents how the Fascists availed themselves of every violent and illegal method as well as of legislative action to render it impossible for the non-Fascist, that is, the Socialist and Catholic, labor organizations to exist. No one is more competent to describe the experiences of the Italian working class and their leaders during the post-war years and the early reign of Fascism than Bruno Buozzi, the Secretary General of the Italian Confederation of Labor. The first chapters probably constitute the most valuable part of the book, since they give the reader an account—that has long been wanting—of the disorders that shook Italy after the war as they appeared to the party that was most influential at the time, the Socialists. The accepted opinion that Fascism saved Italy from internal disorder is dissipated as one reads of the methods the Fascists used to eliminate their opponents, and, instead, the reader is seized by an uneasy feeling, similar to that experienced by persons who for the first time learn of the life of Italian political prisoners on the penal islands. The authors show how the General Confederation of Labor finally had to be transferred abroad. From France this organization attempts to keep in touch with the Italian working people through secret representatives and the circulation of "forbidden" literature, but in point of fact its present value is mainly symbolic, testifying by its very existence on foreign soil that, while the Fascists succeeded in rendering life unbearable to labor leaders

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of socialist faith in Italy, they have not been able to destroy them. In the second part of the book the authors examine the corporate state which the Fascists proclaim to be the solution of all labor problems. They find that Fascism has failed to eliminate the class struggle, for never before has there been such a lack of coöperation between the employer and his workers. To Buozzi and Nitti the entire syndicate system amounts to no more than a superstructure, erected at best on the lethargy of the people, but providing three appreciable benefits to the government: the latter can represent this new conception of the corporate state as the contribution of Fascist Italy to civilization; the Fascists are given a means of closely controlling the people; they are furnished with an excuse for imposing additional taxes on the people. Nevertheless, since coercion, and coercion only, keeps the system going, and since no people work efficiently under the threat of force; since free workers, even if there are labor troubles, work with more good-will than slaves, the Fascists have failed to realize their aim, namely an increase in Italian production. The authors, basing their contentions on official statistics, demonstrate that the productivity per worker per hour increased in all important Italian industries during the post-war years; they point to the steady gain which Italian industry experienced during that period, though wages never reached a level corresponding to the cost of living except for a short while in the metal industry. At present, on the contrary, Italian business is depressed, as is evident from the increasing number of bankruptcies, and wages have declined from twenty to forty per cent below the 1914 or 1920 level. One would like to have the authors elaborate the chapter on production and Fascism; as it stands, the reader fails to be convinced that Italian production is declining. This shortcoming is all the more surprising since it was Bruno Buozzi who investigated the trend of Italian wages from 1914 to 1930 for the Amsterdam International; inclusion of his figures would have convinced every reader of the soundness of the authors' reasoning, while under the actual circumstances only the student of the Italian situation is able to assert that the authors have not allowed their scientific judgment to be influenced by their anti-Fascist sentiments.—CARMEN HAIDER, Washington, D. C.

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